TABLE OF CONTENTS.

No.	Name.	No.	Date.	Subject.	Page
1	Sir L. Mallet ...	206 Tel.	Apr. 1, 1914	Basra development. Repeats telegram from Basra. Vali requests assistance in forming company to make municipal improvements. If British support is not given Germans will take action	1
2	To Sir L. Mallet ...	175 Tel.	1,	Bin Saud. Appreciates objections in Part I, No. 296, but offer of mediation might, under certain circumstances, be desirable	1
3	To India Office ...	...	1,	Bin Saud. Points out danger to integrity of Turkey involved in warning Bin Saud not to negotiate direct with Turkish Government (see Nos. 8 and 9) ...	2
4	To Board of Trade ...	...	1,	Abu Musa oxide. Refers to Part I, No. 32. Informs of private interview between Sir P. Cox and Mr. Strick. Requests that Board will revise their recommendations for compensation to Wönckhaus in the light of this interview and of Part I, No. 114. Transmits telegram from Bushire regarding shipments of oxide from island	2
5	Sir L. Mallet ...	214 Tel.	2,	Bin Saud. Part I, Nos. 287 and 365, show present situation. Talaat understands His Majesty's Government would have no ulterior motives in offering mediation. Will do so if desirable...	4
6	To Sir L. Mallet ...	181 Tel.	3,	Smyrna-Aidin negotiations. Informs of hitch which has occurred with Hakki in connection with guarantee for Buldur-Kizil Kaia line. To try and get favourable instructions sent to Hakki	5
7	To German Ambassador	Confidential	3,	Mendeli-Tigris line. Refers to Part I, No. 270. His Majesty's Government agree to proposals as to conditions under which line should be constructed ...	5
8	To India Office ...	...	3,	Bin Saud. Refers to No. 3. In view of No. 5, considers it essential that warning proposed in No. 3 should be held back, if not cancelled	5
9	India Office ...	...	4,	Bin Saud. Refers to No. 3. Explains India Office view in favour of offering mediation, but, in view of recent circumstances, proposes telling Indian Government that there is no objection to Bin Saud negotiating on his own account (see No. 14) ...	6
10	Sir L. Mallet ...	220 Tel.	4,	Mesopotamian oilfields. British application regarding Bagdad and Mosul published in press. French Minister's statement as to French interests in Syrian oilfields and enquiry whether Anglo-German combination was applying except for Mosul and Bagdad	7
11	To German Ambassador	...	4,	German cable in Persian Gulf. His Majesty's Government cannot countenance German scheme	7

No.	Name.	No.	Date.	Subject.	Page
12	Sir L. Mallet ...	219	Apr. 2, 1914	Disturbances in the Hedjaz. Transmits despatches from Jeddah reporting on Bedouin unrest	7
13	" " ...	223 Tel.	6,	Anglo-German Convention. Refers to Part I, No. 308. Considers draft article in No. 308 contravenes principle of convention. Suggests alternative concession to Germany (see No. 16)	10
14	To India Office ...	...	6,	Bin Saud. Suggests alterations in draft text to Government of India enclosed in No 9. Proposes asking Porte to inform them beforehand of any stipulations made with Bin Saud affecting British interests (see No. 29)	10
15	Sir L. Mallet ...	224 Tel.	7,	Shatt-el-Arab Commission. Informs of note from Grand Vizier giving sums to be raised by Turkey for Commission during first three years and method of raising them (see No. 24)	10
16	To Sir L. Mallet ...	189 Tel.	7,	Anglo-German convention. Refers to No. 13. Recommendations made at Foreign Office conference will be included in explanatory note to treaty. Unlikely that Germany will accept article ...	11
17	India Office ...	...	7,	British India Company's proposed local line of steamers in Gulf. Transmits telegram from Viceroy reporting on. Considers proposal advisable. Any objection to Political Resident furnishing company's agents with letters of introduction to Sheikhs Abdulla and Bin Saud?... ...	11
18	Lord Inchcape and Hakki Pasha	...	9,	Euphrates and Tigris Navigation. Statutes of "Inhari Irakié" Navigation Company, as signed	12
19	To India Office ...	...	9,	British India Company's proposed local line of steamers in Gulf. Concurs that British India Company should be first in the field. No objection to proposed communications...	20
20	Viscount Kitchener ...	58 Confidential	4,	Corrects statement that Shereef of Mecca sent his son to him. Points out importance to British interests of Turkish treatment of Arab question. Grand Vizier's suspicions without foundation	21
21	Sir F. Bertie ...	194	10,	Franco-Turkish agreements regarding railways and port concessions in Asiatic Turkey. Transmits press extract reporting initialling of and summarising contents ...	21
22	Sir L. Mallet ...	221	4,	Ottoman Debt. Refers to Part I, No. 234. Transmits statement by Council of Debt showing participation in debt of Great Britain, Holland, France, and Germany ...	22
23	" " ...	225	5,	Kurdish unrest. Transmits despatch from Van reporting on, and on Turkish expedition against Sheikh of Barzan. Possibility of organised Kurdish movement ...	26
24	" " ...	238	8,	Shatt-el-Arab Commission. Refers to No. 15. Transmits note from Grand Vizier pledging Turkish Government to provide funds for the Commission ...	28

No.	Name.	No.	Date.	Subject.	Page
25	Sir L. Mallet ...	232 Tel.	Apr. 13, 1914	Smyrna–Aidin Company's negotiations. Informs of instructions sent to Hakki regarding junction line and guarantee question. Told Grand Vizier that if negotiations failed Porte must not grant Italy any line from Adalia infringing company's interests (see No. 28) ...	28
25*	Messrs. Treherne, Higgins, and Co.	...	14,	Silley Claim. Transmits statement of claim	29A
26	Sir L. Mallet ...	237 Tel.	15,	Mesopotamian irrigation. Refers to Part I, No. 291. Modification desired by Porte in article 6 of monopolies convention acceptable subject to certain alterations ...	29
27	„ „ ...	238 Tel.	15,	Armenian reforms. Is officially informed that Porte have selected MM. Hoff and Westenenk as the two inspectors-general of the eastern vilayets	29
28	To Sir L. Mallet ...	193 Tel.	15,	Smyrna–Aidin negotiations. Refers to No. 25. Hakki's instructions are unsatisfactory. His Majesty's Government will withhold assent to monopolies unless Porte undertake that no line north from Adalia will be granted unless guarantees or customs immunities are granted to British company (see No. 30)	29
29	India Office ...	...	16,	Bin Saud. Refers to No. 14. Transmits correspondence with Government of India on subject. Importance of not giving Bin Saud impression that His Majesty's Government are indifferent to him ...	29
30	Sir L. Mallet ...	241 Tel.	17,	Smyrna–Aidin negotiations. Has made communication as instructed in No. 28. Grand Vizier perturbed by demand, but will try and find solution (see No. 34)	31
31	„ „ ...	244 Tel.	17,	Mesopotamian oilfields. Refers to Part I, No. 306. Grand Vizier unable to give monopoly for Mosul and Bagdad oilfields, but suggests alternative, which seems unacceptable. Will discuss matter with German colleague and oil company's representatives and report result (see Nos. 35 and 38)	32
32	German Ambassador	Confidential	16,	Anglo-German convention. Refers to Part I, No. 308. Proposed German amendments to articles 1, 2, 4, 5, and 7 (see No. 77)	32
33	Sir L. Mallet ...	245 Tel.	17,	British pecuniary claims against Porte. Mere promise to pay would not afford any security. Deprecates consenting to monopolies before provision is made for payment of claims. Porte at present well able to make deposit, and would be well advised to pay claims at once (see No. 36) ...	33
34	„ „ ...	247 Tel. Very Conf.	18,	Smyrna–Aidin negotiations. Refers to No. 30. Turkish Government willing to enter into confidential agreement for kilometric guarantee. Supposes that the company could not accept this. Could they accept customs exemptions? (See No. 51)	33

No.	Name.	No.	Date.	Subject.	Page
35	Sir L. Mallet ...	248 Tel.	Apr. 18, 1914	Mesopotamian oilfields. Refers to No. 30. Has explained to Minister of Interior why reply in No. 31 is unsatisfactory. German colleague is to try and obtain clear statement from Porte	33
36	To Sir L. Mallet ...	201 Tel.	18,	British pecuniary claims. To make communication in sense of No. 33 and urge modification of instructions to Hakki ...	34
37	Sir G. Buchanan ...	92 Tel.	19,	Shatt-el-Arab Commission. Russian objections. Informs of proposed revised note to Russian Government embodying those already exchanged. Probable Russian reply (see No. 46)	34
38	To Sir L. Mallet ...	202 Tel.	20,	Turkish petroleum concessions. Refers to No. 31. Points out some inaccuracies in Grand Vizier's remarks. Objection to French claim to monopoly in Syria. To consider with German colleague whether grant to Turkish Petroleum Company of a practical monopoly should be accepted ...	34
39	To India Office ...	...	20,	Koweit and Bin Saud. Deprecates bestowal of decoration on Sheikh of Koweit. Proposes telegram to Sir L. Mallet (No. 50). Preferable for Sir L. Mallet to address direct enquiry to Turkish Government regarding negotiations with Bin Saud. Has no objection to despatch of proposed India Office telegram on subject ...	35
40	Mr. Rutherfoord Harris	...	21,	Euphrates and Tigris navigation. Transmits documents in support of contention that no monopoly should be granted to any one company	35
41	Sir L. Mallet ...	252 Tel.	21,	Bin Saud. Transmits telegram from His Majesty's consul at Basra reporting rumour that a commission, under presidency of Talib Bey, will be sent to Hasa, and that Talib is to arrange to hand the place over to Turkish Government	36
42	„ „ ...	253 Tel.	21,	Smyrna–Aidin negotiations. Question of land at terminus. Company should let lawyer file opposition in Constantinople court to judgment of Smyrna Relief Court, and His Majesty's Government would then ask Porte to hang up all further proceedings	36
43	„ „ ...	260	18,	Turkish loan. Contract signed. Particulars of price, &c., and details of agreement reached with French Government by Djavid Bey	37
44	India Office ...	...	21,	Bin Saud. Transmits despatch from Political Resident at Bushire regarding advisability of communicating intentions of His Majesty's Government to Bin Saud before latter enters into negotiations with Turks	39
45	Sir L. Mallet ...	255 Tel.	22,	Mesopotamian oilfields. Refers to No. 38. Is awaiting promised list of mines in Government possession before taking further steps. Agrees that Turkish proposal might be best solution if a confidential assurance could be obtained against other companies acquiring permits ...	40

No.	Name.	No.	Date.	Subject.	Page
46	To Sir G. Buchanan...	190 Tel.	Apr. 22, 1914	Shatt-el-Arab Commission. Russian objections. Refers to No. 37. If Russian reply is as suggested text of note is satisfactory	40
47	Minute by Mr. Parker	...	22,	Mesopotamian irrigation. Interview with Herr von Kuhlmann. German objection to British claim that sections tendered for by British firms alone in 1912 should be reserved to British firms now. Proposed article in Anglo-German convention providing for mutual British and German minor participation in irrigation in Asiatic Turkey, and asserting principle of open competition there	41
48	„ „ ...	...	22,	Anglo-German convention. Suggests communication to Hakki Pasha of article 3, clause (c) of section III of explanatory note regarding lines in competition with Bagdad Railway, and request for assurance from Porte as to possible future railway connection with Egypt and feeder lines for river navigation (see No. 34)	43
49	Sir L. Mallet ...	256 Tel.	23,	Smyrna – Aidin negotiations. Refers to No. 28. Porte now say they have renounced project of line from Adalia to Buldur or Kizil Kaya, but will respect company's rights under 1906 convention if they build line northwards from Adalia. They will not give guarantee or go beyond 1906 convention. Reasons for their attitude. Could not article 2 in No. be expanded to meet present point? (see No. 66)	45
50	To Sir L. Mallet ...	205 Tel.	23,	Bin Saud. Refers to No. 39. Instructions to urge Turkish Government not to confer decoration upon Bin Saud, as His Majesty's Government have not done so, and to enquire as to progress of negotiations ...	45
51	„ „ ...	206 Tel.	23,	Smyrna – Aidin negotiations. Refers to No. 34. Proposed arrangement would be breach of agreement with Italians, and would be objectionable in practice. Turkish Government must give written undertaking that, if line north from Adalia is built, company may build line to Kizil Kaza, with adequate guarantees ...	46
52	„ „ ...	207 Tel.	23,	Smyrna – Aidin negotiations. Transmits communication by Hakki Pasha, giving text of Turkish reply to note of 16th April. Turkish Government say that they have abandoned, for the moment, plan of line from Adalia to Buldur or Kizil Kaza, and that, in any case, they will respect rights of Smyrna–Aidin Company	46
53	„ „ ...	208 Tel.	23,	Smyrna – Aidin negotiations. Refers to No. 51. Further meeting with Hakki Pasha fixed for 28th April. Hopes he may have satisfactory instructions by then. Instructions to inform Turkish Government that freight arrangements in agreement with Nogara are only ones acceptable to His Majesty's Government, and to endeavour to obtain Turkish assent in principle	46

No.	Name.	No.	Date.	Subject.	Page
54	To Sir L. Mallet ...	209 Tel.	Apr. 23, 1914	Mesopotamian oilfields. Refers to No. 45. Deutsche Bank suggest basing application on Convention of 1904. Greenway proposes to base it on Conventions of 1903 and 1904 and on promises given to D'Arcy. Instructions to discuss matter with German colleague	46
55	Sir L. Mallet ...	262	15,	Treatment of Greeks in Thrace. Greek Minister's complaints regarding expulsion of Greeks and their replacement by Mussulman refugees from Servian and Greek territories. M. Panas's apprehensions about the islands	47
56	„ „ ...	257 Tel.	24,	Mesopotamian oilfields. Refers to No. 54. Points out impossibility of supporting course favoured by Deutsche Bank, as His Majesty's Government's contention has always been that German contract was annulled and then promised to D'Arcy. Gives history of the concession... ...	48
57	„ „ ...	258 Tel.	24,	Smyrna – Aidin negotiations. Refers to Nos. 51 and 53. As Grand Vizier had categorically refused to grant guarantees to Smyrna–Aidin Company, a further communication on the subject would be useless	49
58	German Ambassador	...	24,	Anglo-German convention. Proposed German modification of article 9, in view of delay in conclusion of Smyrna–Aidin–Bagdad Railway negotiations (see No. 78)	49
59	India Office ...	...	24,	Bin Saud. Refers to No. 39. Concurs in proposed instructions to His Majesty's Ambassador at Constantinople. Transmits further correspondence with Government of India (see No. 50)	50
60	Sir L. Mallet ...	259 Tel.	25,	Bin Saud. Transmits telegram from His Majesty's consul at Basra stating that, according to Taleb, no arrangement is being made, but that he is in communication with Porte, who are considering matter. Hears that Taleb has been told to make best terms he can, and is in communication with Bin Saud through Sheikh of Koweit. Bin Saud expected to come to Koweit to discuss matters with Taleb ...	51
61	„ „ ...	260 Tel.	25,	Koweit and Bin Saud. Refers to No. 50. Deprecates raising of question of decoration for Sheikh of Koweit. Will question Talaat Bey as to negotiations with Bin Saud	51
62	To Sir L. Mallet ...	212 Tel.	Apr. 25,	Mesopotamian oilfields. Refers to No. 56. Has informed Greenway of his Excellency's observations on 1904 convention and D'Arcy concession. Will await list of Government wells, but urges avoidance of undue delay	51
63	To Hakki Pasha ...	...	25,	Anglo-Turkish negotiations. Recapitulates present position as regards Mesopotamian irrigation and Smyrna–Aidin Railway, and trusts that negotiations may be speedily concluded	52

No.	Name.	No.	Date.	Subject.	Page
64	Sir L. Mallett ...	287	Apr. 21, 1914	Turkish army. Herr von Mutius says condition of army is deplorable, and, though Turks might attack Greeks by sea if no settlement could be arrived at on islands question, no land operations would be undertaken	53
65	" " ...	262 Tel.	29,	Pecuniary claims. No strong objection to proposed course provided no claim on resent list is excised unless satisfied by Turkish Government or withdrawn by His Majesty's Government before schedules are finally drawn up. His Majesty's Government should take this opportunity of disposing of as many claims as possible	54
66	To Sir L. Mallet ...	214 Tel.	27,	Smyrna – Aidin negotiations. Refers to No. 49. Turkish Government are not accurately informed of discussions with Hakki Pasha. Explains attitude of His Majesty's Government. Copy of memorandum sent to Hakki Pasha is being sent to Constantinople. His Excellency should use facts and arguments in it in any further discussions with Grand Vizier	54
67	M. Nassif		27,	Syrian oilfields. Transmits statement giving history of petroleum prospecting licences in Syria in which M. Nassif is interested ...	55
68	Board of Trade		28,	Mesopotamian irrigation. Points out objections of Messrs. Pearson and Jackson to Turkish counter-draft, and submits revised form for submission to Turkish Government	57
69	Sir L. Mallet ...	264 Tel.	28,	Smyrna–Aidin Railway. Refers to No. 66. Talaat and Halil inclined to give required assurances	58
70	" " ...	270	23,	Ottoman Public Debt. Transmits copy of circular from Porte to embassies of Powers represented on Paris International Finance Commission	58
71	" " ...	273	24,	Smyrna – Aidin negotiations. Refers to Nos. 30 and 51. Transmits text of note addressed to Grand Vizier on 16th April demanding guarantees for Smyrna–Aidin Company, and threatening to break off negotiations for customs increase if these are not granted	60
72	India Office		28,	Bin Saud. Transmits further correspondence on subject	60
73	Sir L. Mallet ...	268 Tel.	29,	Bin Saud. Transmits telegram from Basra, stating that Vali says Talib will go to Koweit to attempt amicable arrangement with Bin Saud as instructed by Constantinople	61
74	" " ...	270 Tel.	30,	Treatment of Greeks in Thrace. Talaat Bey says he has given strongest order for cessation of emigration. Has impressed upon him serious results for Turkish Government which these persecutions would produce	62
75	" " ...	271 Tel.	30,	Smyrna – Aidin negotiations. Refers to No. 69. Turkish Government will only offer assurance not to build line for ten years. Minister of Finance, however, suggested that something might be done if a maximum guarantee were fixed ...	62

No.	Name.	No.	Date.	Subject.	Page
76	To Sir L. Mallet ...	216 Tel. Confidential	May 1, 1914	Smyrna – Aidin negotiations. Refers to No. 75. Hakki Pasha has now started to discuss Adalia question with Smyrna–Aidin Company, and asks that, for the present, all negotiations may be conducted through him	62
77	To German Ambassador	Confidential	1,	Anglo-German convention. Refers to No. 32. Observations of His Majesty's Government on points raised in his Highness's note	63
78	" " ...	...	1,	Smyrna – Aidin negotiations. Refers to No. 58. Transmits draft of definitive agreement between Smyrna–Aidin Company and Anatolian and Bagdad Railway Companies. His Majesty's Government trust it will be possible to sign it forthwith	63
79	To Mr. Rutherfoord Harris	Confidential	1,	Euphrates and Tigris navigation. Doubts whether his claim is valid, and informs him that, as Lord Inchcape's concession has already been granted, His Majesty's Government cannot in any case support it	67
80	Sir John Jackson ...	...	Apr. 30,	Shatt-el-Arab improvements. Firm is prepared to contract for improvement works, and ask support of His Majesty's Government	68
80*	Anglo-Persian Oil Company	...	May 1,	Mesopotamian oil. Proposed note to German Ambassador meets views of Anglo-Persian Oil Company. Sir H. S. Barnes is proposed as chairman. Shell Company want number of directors increased to twelve ...	69*
81	Sir L. Mallet ...	287	Apr. 29,	Yemen Railway. Refers to No. 235. Transmits letter from Political Resident at Aden enclosing letter from Cowasjee, Dinshaw, and Brothers, and recommending that concession for Djebana port and railway be obtained for a British subject	69
82	Sir G. Buchanan ...	122	29,	Shatt-el-Arab convention. Transmits note handed to Minister for Foreign Affairs communicating text of articles 6 and 7 of Anglo-German convention and of six points to be recorded in the explanatory note, and stating that His Majesty's Government consider them binding between them and Russian Government	70
83	Central Mining and Investment Corporation to Sir E. Crowe	...	May 4,	Mesopotamian oil. Gives details regarding concession for oil rights in Mesopotamia which they have been trying to obtain from Porte (see No. 116)	73
84	To Hakki Pasha ...	...	4,	Anglo-German convention. Transmits text of article 3, clause (c), of draft agreement and section 3 of explanatory note. His Majesty's Government rely on Ottoman Government not to grant railway concessions south of limits mentioned in explanatory note to any but British firms, and to allow feeder lines for the river navigation (see No. 48)	74
85	India Office ...	...	4,	Bin Saud. Transmits telegrams from Bushire to Viceroy regarding Porte's negotiations with	76

No.	Name.	No.	Date.	Subject.	Page
86	Sir L. Mallet ...	277 Tel.	May 5, 1914	Mesopotamian oil. Informs of suggestion agreed to by German Ambassador and company's representative, that concession granted to Civil List and owned by Ministry of Finance, should be leased by company. Advantages of this	77
87	„ „ ...	278 Tel.	5,	Hakki negotiations. Informs of purport of instructions to Hakki regarding Adalia line, Smyrna–Aidin Company's land at Smyrna, irrigation, claims, and missionary institutions	77
88	Communicated by Italian Ambassador	Private and Conf.	6,	Smyrna–Aidin negotiations. "Tezkéré's" version of, and conditions agreed to by Italian syndicate respecting Smyrna–Aidin Company's rights, and of syndicate's demand for an arbitrator to be selected by Board of Trade from any State Railway department	78
89	To Sir R. Rodd ...	130	6,	Ægean islands. Italian Ambassador says his Government are anxious to evacuate Dodekanese, but could not do so till Turks give them a concession, especially after the revelations in the Aziz Ali trial. Turkish Government, however, were not anxious to recover the islands as yet ...	79
90	„ „ ...	137	6,	Smyrna – Aidin negotiations. Transmits No. 88. Told Italian Ambassador he was inclined to proceed no further in the business if what had been done was not enough	79
91	To Hakki Pasha ...	...	6,	Mesopotamian irrigation. Proposed Turkish amendments quite inacceptable. Submits further draft...	79
92	To Board of Trade ...	...	6,	Mesopotamian oil. Transmits No. 83. Asks Board of Trade to discuss matter with Admiralty. Suggests omitting mention of Basra vilayet in reply, and instructing Sir L. Mallet to oppose any representative of the corporation sent to Constantinople (see No. 105)	82
93	Admiralty	Confidential	6,	Mesopotamian oil. Refers to No. 251. Informs of details of proposed arrangement by which Anglo-Persian Oil Company would find capital for holding company to hold D'Arcy group's shares in Petroleum company. Discusses difficulty raised by His Majesty's Government thus becoming interested in the exploitation of Mesopotamian oil, and concludes that proposal could not be regarded as involving direct participation in management of Petroleum Company by His Majesty's Government. Question of Anglo-Persian directors on new company's board (see No. 106) ...	82
94	To Sir L. Mallet ...	219 Tel.	7,	Smyrna – Aidin negotiations. Refers to No. 87. Agreement to be initialled *ad referendum* 8th May. Arrangement arrived at regarding guarantees. Company have produced original map of terminal land. They mistrust arbitration proposal	84
95	„ „ ...	220 Tel.	8,	British pecuniary claims. Refers to No. 87. Objections to method of payment by lump sum. His Majesty's Government's attitude regarding mode of payment, interest, and right to add post-1908 claims to list ...	84

No.	Name.	No.	Date.	Subject.	Page
96	To India Office ... „ Admiralty ... „ Board of Trade ...	...	May 8, 1914	Shatt-el-Arab improvements. Transmits Nos. 80 and 97. Considers principle of open competition should be applied for training works. Asks for suggestions as to salary and choice of officers working under Riverain Commission	85
97	To Sir J. Jackson (Limited)	...	8,	Shatt-el-Arab improvements. Refers to No. 80. Improvements at Basra to be carried out by a new Ottoman company. Informs of constitution of Riverain Commission. Works will probably be put up to open tender, but request will be borne in mind	85
98	Signor Nogara to Italian Ambassador	...	8,	Smyrna – Aidin negotiations. Sets forth reasons why he considers Smyrna–Aidin Company have failed in their engagements towards him (see No. 101)	86
99	Sir L. Mallet ...	295	2,	Turkish navy. Outlines extensive naval programme. Russian Ambassador's remarks on the progress made in naval efficiency owing to British officers' work...	87
100	„ „ ...	308	6,	Ottoman Greek emigration from Thrace. Transmits despatches regarding. Object of Turkish action. Evidence against ill-treatment of Greeks	88
101	Communicated to Italian Ambassador	Confidential	11,	Smyrna–Aidin negotiations. Explains how Signor Nogara's misapprehensions in No. 98 have arisen	88
102	„ „ ...	Confidential	11,	Italian Adalia negotiations. Sets forth the essential facts of the situation. Concession made by the company to Signor Nogara. Their negotiations with him interdependent on those with the Porte. If Signor Nogara remains unconciliatory His Majesty's Government will withdraw their good offices	90
103	German Ambassador	...	9,	Mesopotamian irrigation. Proposes clauses in Anglo-German convention upholding the principle of a conditioned open competition for irrigation works and notes denying support to German competitors in works for which only British contractors have tendered and granting Adana irrigation to Germans. If His Majesty's Government agree to this, would not insist (see No. 32) on article 7 (8) of Anglo-German convention (see No. 146) ...	91
104	To Sir R. Rodd ...	119 Tel.	12,	Adalia negotiations. Sets forth state of affairs. To inform Minister for Foreign Affairs that present concessions represent final limit to which company can go. If Signor Nogara cannot come to an arrangement with company compatible with latter's obligations towards Turkey, His Majesty's Government will withdraw support from Italian schemes (see No. 108) ...	92
105	Board of Trade ...	Confidential	12,	Mesopotamian oil. Refers to No. 92. Concurs generally in reply suggested to No. 83	93

No.	Name.	No.	Date.	Subject.	Page
106	To Admiralty ...	Confidential	May 13, 1914	Mesopotamian oil. Grave objections to His Majesty's Government becoming interested through a company they are to control in Mesopotamian oil concessions. Trusts that proposals for Anglo-Persian Company providing capital and for directors in that company sitting on board of Turkish Petroleum Company may be dropped. Necessary capital might be furnished by Burma Oil Company	93
107	Sir L. Mallet ...	319 Confidential	8,	Bin Saud. Transmits despatch from Basra regarding negotiations with. Most desirable that they should succeed. Turkish distrust of His Majesty's Government's attitude	94
108	Sir R. Rodd ...	80 Tel.	14,	Adalia negotiations. Has acted on No. 104. Conciliatory instructions have been sent to Italian Ambassador. Italians wish to conclude negotiations with Smyrna-Aidin Company	96
109	To India Office ...	...	14,	Mesopotamian irrigation. Requests observations on No. 103. Considers His Majesty's Government might insist on freedom of action for Shatt-el-Arab Commission in works below Kurna. Suggests steps for securing fair working of principle of open competition. Mode of recording agreement with German Government ...	96
110	Treherne, Higgins, and Co.	...	13,	Mr. Silley's oil claims. Contests legality of D'Arcy group's rights, and maintains that Foreign Office should support Mr. Silley's rights, which are legal, by asking Turkish authorities to carry out the provisions of their mining laws. Mr. Silley would be willing to give satisfactory undertakings regarding company to be formed, which would have no foreign element in it (see No. 129)	97
111	India Office ...	...	15,	Shatt-el-Arab improvements. Refers to No. 96. Method most likely to secure contracts for British firms on river should be adopted. New irrigation article should, if possible, not apply south of Kurna, and all works there should be under the control of the Commission	99
112	Sir L. Mallet ...	287 Tel.	15,	Bin Saud. Repeats telegram from Basra, correcting Turkish statement in No. 73 regarding breakdown of negotiations ...	100
113	To Sir L. Mallet ...	225 Tel.	15,	Mr. Silley's oil claims. Informs of Mr. Silley's contentions in No. 110. Asks for observations as to legal position and best practical solution of the difficulty (see No. 124)	100
114	To Sir R. Rodd ...	121 Tel.	15,	Adalia negotiations. Refers to No. 108 To thank Minister for Foreign Affairs. Italian Ambassador refuses to assent to agreement reached by company with Nogara and desires certain assurances from the company. To urge that satisfactory instructions may be sent (see No. 155)	101
115	To Central Mining and Investment Corporation	Confidential	15,	Mesopotamian oil. Refers to No. 83. His Majesty's Government unable to support corporation	101

No.	Name.	No.	Date.	Subject.	Page
116	To Sir L. Mallet ...	227 Tel.	May 16, 1914	Mr. Silley's oil claims. Refers to No. 113. Have any of Silley's licences lapsed, and have rights conferred under article 22 of Bagdad Railway Convention of 1903 been annulled by establishment of new régime in 1908?	102
117	Sir G. Buchanan ...	114 Tel.	17,	Russo-Turkish relations. Talaat Bey's assurances to Minister for Foreign Affairs of Porte's desire for friendly relations with Russia	102
118	Sir L. Mallet ...	335	12,	Bin Saud. Reviews the question of His Majesty's Government's relations with Nejd from Turkish point of view. Need for His Majesty's Government holding entirely aloof from negotiations. Events which have increased Turkish suspicions...	102
119	„ „ ...	290 Tel	18,	Mesopotamian oil. Refers to No. 86. Grand Vizier seems to welcome suggestion made with German colleague that Government should retain concession while allowing Turkish Petroleum Company to be the sole exploiters on their behalf ...	104
120	To Sir L. Mallet ...	229 Tel.	18,	Mr. Silley's oil claims. Refers to Nos. 113 and 116. Informs of three categories into which Silley's claims fall. Arguments to disprove validity of first two. As to third, relating to Basra, he seems to have some prior rights. Asks for observations	104
121	To French Ambassador	Confidential	18,	Shatt-el-Arab convention. Suggests an exchange of notes, similar to that effected with Russia, to record formally French promise of support regarding convention, such as is contained in articles 6 and 7 of Anglo-German convention	105
122	To Count Mensdorff...	Confidential	18,	Shatt-el-Arab convention. Transmits copy of convention, and trusts that Austria will acquiesce in its principles	108
123	India Office ...	...	18,	Mesopotamian irrigation. No. 109 crossed No. 111. Adheres to views expressed in No. 109 as to irrigation south of Kurna. Otherwise agrees to German proposals. Suggests insertion of proviso to this effect, as well as of that excepting special irrigation works in Mesopotamia, in convention	113
124	Sir L. Mallet ...	289 Tel.	18,	Mr. Silley's oil claims. Refers to Nos. 113 and 116. Of six applications mentioned in No. 113, Mr. Silley's name only appears in one. They have been set aside because of rights of Ministry of Finance. Contraverts other statements in No. 113 regarding Porte's inability to satisfy his claims and effect of new régime on article 22 of Bagdad Railway convention (see No. 128)	113
125	Central Mining and Investment Corporation	...	19,	Mesopotamian oil. Refers to No. 115. Asserts that Porte claim that oil rights in Mesopotamia are expressly excluded from the operation of article 22 of Bagdad Railway convention, and favour corporation's group as against D'Arcy group. Immaterial to His Majesty's Government, who concessionnaire is. Offers to enter	

No.	Name.	No.	Date.	Subject.	Page
				into agreement with His Majesty's Government for pre-emptive right of all oil fuel produced on certain conditions. Requests reconsideration of No. 83 (see No. 130)	114
126	Memorandum by Lieutenant-Colonel H. Jacob	...	May 19, 1914	Yemen. Pleads for a new policy in. Suggests British action to help Turkish consolidation in the Yemen and urges more active relations with the Arabs. Would be glad to enter Turkish service to further this object	115
127	Board of Trade ...	Secret	20,	Turkish Petroleum Company and Anglo-Persian Oil Company. Refers to No. 106. Assumes that arrangement suggested in No. 93 is inadmissible. As a result of discussions with Anglo-Persian Oil Company, suggests that Burma Oil Company might advance necessary capital. Considers it impracticable to stipulate that none of the Anglo-Persian directors should sit on Turkish Petroleum board ...	117
128	Sir L. Mallet ...	291 Tel.	19,	Mr. Silley's oil claims. Refers to No. 120. Particulars regarding petitions for issue of "permis de recherches." No. 124 describes correctly position as to first two categories. As regards third, Silley is entitled to support, and is in touch with representatives of Turkish Petroleum Company	119
129	To Treherne, Higgins, and Co.	Confidential	20,	Mr. Silley's oil claims. Refers to No. 110. Points out that Mr. Silley's claims are not based on licences, but on petitions only, so that he cannot claim compensation for Porte's failure to issue licences. Concession granted to Civil List not cancelled, but transferred to Ministry of Finance. Legality of Mr. Silley's claims are not admitted by Foreign Office (see No. 187)	119
130	To Central Mining and Investment Corporation	Confidential	21,	Mesopotamian oil. Refers to No. 125. Cannot depart from decision in No. 115 ...	120
131	Board of Trade ...	Confidential	20,	Mesopotamian irrigation. Observations on No. 103. Prefers original proposal applying principle of open competition to Asiatic Turkey generally. Suggests alterations in notes to be exchanged. Refers to No. 123. Commission should have power to veto irrigation works below Kurna. Deprecates excluding irrigation below Kurna from principle of open competition	120
132	To Sir L. Mallet ...	234 Tel.	22,	Pecuniary claims. Proposes to omit Adana and boycotting claims from list. Proposes not to insist on payment of sums awarded through Public Debt	122
133	Sir L. Mallet ...	296 Tel.	23,	Customs increase. Has acted on instructions. Hakki instructed to accept railway agreement if two Turkish delegates are admitted to board	122
134	To Board of Trade ...	Confidential	23,	Irrigation. Refers to No. 131. Suggests addition to article 5 of Anglo-Turkish Convention regarding irrigation works below Kurna	122

No.	Name.	No.	Date.	Subject.	Page
135	Sir L. Mallet ...	338	May 14, 1914	Greek emigration in Adrianople vilayet. Transmits letter from Colonel Nye reporting on a trip made in the vilayet. No evidence of ill-treatment of Greeks by Turks	123
136	" " ...	343	15,	Russian representation on Debt Council. Refers to "Asiatic Turkey and Arabia," Part I, No. 242. Informs of arrangement suggested by Djavid Bey to overcome difficulty raised by German demands by giving Turkish commissioner same rights as other Turkish delegates in connection with surplus of assigned revenues	124
137	" " ...	352	19,	Yemen railway. Informs of action taken and Messrs. Cowasjee Dinshaw and Brothers' reply	125
138	" " ...	354	20,	Mr. Silley's oil claims. Refers to No. 113. Reports fully on. Informs of action taken in connection with Mr. Silley's Basra claims. Suggests that Turkish Petroleum Company should approach Mr. Silley's Turkish associate in Basra application ..	125
139	" " ...	355	20,	Miss Bell. Informs of journey made by Miss Bell from Damascus along the Syrian desert and through Arabia to Hayil, Nejef, and Bagdad and back. Her observations on Turkish authority in those regions ...	131
140	" " ...	357	20,	Turco-Russian relations. Refers to No. 117. Conversation with Russian Ambassador regarding rapprochement. German comments thereupon. Present situation favourable to British interests	132
141	" " ...	363	21,	Turkish Parliament. Composition of House. No freedom in the elections. Committee's ascendancy assured. Comments on Sultan's speech	133
142	" " ...	297 Tel.	24,	Mr. Silley's oil claims. Refers to No. 128. Mr. Crow not yet able to ascertain areas and nature of Mr. Silley's Basra application. Vali's illegal action. Proposes reply to Mr. Silley, should he apply for support (see No. 143)...	135
143	To Sir L. Mallet ...	237 Tel.	25,	Mr. Silley's oil claims. May act as suggested in No. 142. Calls attention to previous correspondence as to nature of assurance to be required from Mr. Silley	135
144	Sir L. Mallet ...	367	22,	Turkish navy. Negotiations between Messrs. White, of Cowes, and Djemal for sale of two destroyers. Danger of transaction failing for financial reasons ...	135
145	India Office ...	...	27,	Bin Saud. Refers to Nos. 72, 85, &c. Transmits telegram from Government of India reporting failure of Turkish negotiations with. Suggests urging Porte to accept mediation of His Majesty's Government on the ground mentioned in No. 2 (see No. 156)	136
146	To German Ambassador	...	29,	Irrigation. Replies to No. 103 on lines suggested in Nos. 123 and 131. When can convention and notes be initialled? ...	137

No.	Name.	No.	Date.	Subject.	Page
147	Sir L. Mallet ...	303 Tel.	May 31, 1914	Anglo-Turkish negotiations. Discusses Hakki Pasha's suggested modifications in text proposed in previous telegram ...	138
148	To Sir L. Mallet ...	245 Tel.	31,	Anglo-Turkish negotiations. Summarises outstanding points on which Hakki Pasha's instructions are unsatisfactory	138
149	,, ,, ...	246 Tel.	31,	Irrigation. Informs of text of proposed additional clause referred to in No. 148 (see No. 192)	139
150	Sir L. Mallet ...	376	27,	Reforms in Asiatic Turkey. MM. Westeneuk and Hof have signed their contracts as inspectors-general. Impression created by them on the Grand Vizier (see No. 183)	139
151	,, ,, ...	379	27,	Mesopotamian oil. Refers to No. 86. Government undecided how to act regarding Anglo-German proposal in No. 86. Conversation with Grand Vizier. Transmits memorandum by Mr. Weakley on Civil List firmans	139
152	,, ,, ...	381	27,	Yemen. Situation threatening. Seyyid Idris prepared to revolt if certain privileges are not granted him	140
153	,, ,, ...	308 Tel.	June 1,	Hakki negotiations. Refers to No. 148. Conversation with Grand Vizier, who says he will endeavour to find formula to meet His Majesty's Government's wishes ...	141
154	To Sir L. Mallet ...	247 Tel.	2,	Missionary institutions. Refers to No. 147. Gives wording of new text proposed by Hakki for paragraphs 1, 2, 3, and 5 of article 7 of Anglo-Turkish Convention (see No. 157)	141
155	To Sir R. Rodd ...	168	4,	Italian concessions at Adalia. Italian Ambassador wishes His Majesty's Government to urge Porte to grant desired concession. Informed him of utmost His Majesty's Government could do	142
156	To India Office ...	...	4,	Bin Saud. Refers to No. 145. Hakki is to be authorised to discuss matter. Until then considers nothing should be done. Undesirable that any independent communications should be held with Bin Saud	142
157	Sir L. Mallet ...	314 Tel.	5,	Missionary institutions. Text enclosed in No. 154 still fails to meet the case. Points out objections	143
158	To Sir L. Mallet ...	252 Tel.	5,	Missionary institutions. Refers to No. 157. Preferable that negotiations should be carried on at Constantinople. Hakki agrees	143
159	To India Office ... ,, Board of Trade ...	...	5,	Anglo-German convention. Transmits note from German Ambassador. Has told German Ambassador that, as regards Kut-el-Amara–Mendali line, His Majesty's Government must insist on wording proposed in Part I, No. 270 and agreed in No. 7 of Part II	143
160	To Sir L. Mallet ...	254 Tel.	6,	Hakki negotiations. Unfavourable replies have been given by Hakki regarding points in No. 148, &c. Explains desirability of granting what are not to be regarded as fresh conditions of our assent to customs increase and monopolies (see No. 167) ...	144

No.	Name.	No.	Date.	Subject.	Page
161	Sir L. Mallet ...	320 Tel.	June 7, 1914	Expulsion of Greeks from Asia Minor. A number of Mussulman refugees from Macedonia and Albania have arrived on Adriatic coast of Dardanelles and forcibly occupied Greek villages. Has made unofficial representations (see No. 168) ...	144
162	,, ,, ...	391	May 31	Diarbekr. Transmits despatch from Diarbekr regarding improved situation in vilayet, progress of work on Bagdad Railway near Nisibin, and antiquated agricultural methods in district	145
163	,, ,, ...	398	June 2,	Kurdish unrest. Refers to No. 391. Transmits despatch from Diarbekr regarding hostile attitude of Kurds towards Government. No immediate prospect of a large rising	146
164	,, ,, ...	400	2,	Turco-Russian relations. Connection between Russian cordiality and her desire to open question of the Straits. If question is raised, suggests that His Majesty's Government should adopt same attitude as in 1908	147
165	,, ,, ...	404	2,	Turco-Greek relations. Ministers desire to avoid war if they can obtain restoration of Scio and Mitylene peaceably, but they will never acquiesce in present distribution of islands. Gloomy outlook. Porte undesirous of recovering Dodecanese immediately	147
166	,, ,, ...	412	2,	Settlement of Mussulman refugees from lost territory. Informs of scheme for. Company to be formed to advance money for, guaranteed on forest revenues	148
167	,, ,, ...	323 Tel.	8,	Mesopotamian oil. Refers to No. 160. Definite answer not yet received. Mr. Wheatley has seen Count Ostrorog. Council of State's decision that firmans were illegal (see No. 174)	149
168	,, ,, ...	324 Tel.	8,	Expulsion of Greeks from Asia Minor. Refers to No. 161. Patriarch has closed schools and churches in sign of protest. Has warned Grand Vizier of bad consequences of a continuance of movement	149
169	,, ,, ...	328 Tel.	9,	Hakki negotiations. Refers to No. 160. Has spoken to Minister of the Interior, who will consider the matter	150
170	To Sir L. Mallet ...	258 Tel.	10,	Mesopotamian oil. Refers to No. 167. Council of State's action very unsatisfactory. To threaten to withhold consent to monopolies unless oil question is soon settled satisfactorily	150
171	Board of Trade ...	...	10,	Abu Musa oxide. Refers to No. 4. Transmits memorandum regarding interview with Mr. Strick and Mr. Holmes as to compensation to be paid Messrs. Wönckhaus. Considers 3,000*l.* would be a reasonable offer	150
172	To India Office ...	Confidential	11,	Yemen. Transmits Colonel Jacob's memorandum. Considers idea might be encouraged if suitable opportunity occurs, but that at present British officers should not be employed as suggested by Colonel Jacob	154

No.	Name.	No.	Date.	Subject.	Page
173	Lord Rathmore to Sir E. Crowe	...	June 10, 1914	Smyrna–Aidin extension. Sets forth at length reasons why company cannot agree to admit Ottoman directors on to board. Suggests formation of an Ottoman consultative committee, which would meet the objects desired by the Porte ...	154
174	Sir L. Mallet ...	334 Tel.	11,	Mesopotamian oil. Refers to No. 170. Greatly preferable to postpone presentation of ultimatum. Is trying to get Council's decision reversed (see No. 176)...	156
175	" " ...	335 Tel.	12,	Mr. Silley's oil claims. Silley and Mahomet Fakri have agreed to negotiate for cession of Basra and Nejd properties to petroleum company. Desirable that Greenway should send expert to inspect Hofuf area, and, if oil is found there, apply for "permis" and then buy Silley out (see No. 178) ...	156
176	To Sir L. Mallet ...	262 Tel.	12,	Mesopotamian oil. Refers to No. 174. Agrees to postponement for a few days. Prepared to agree to discussion of feeder lines and Arabian lines taking place after settlement of oil question (see No. 180) ...	157
177	" " ...	264 Tel.	12,	Smyrna–Aidin extension, &c. Informs of company's views respecting Ottoman directors. To urge Porte to agree to proposal	157
178	" " ...	265 Tel.	12,	Mr. Silley's oil claims. Agrees with cause suggested in No. 175. To make proposal accordingly to Constantinople agents of petroleum company (see No. 179) ...	158
179	Sir L. Mallet ...	341 Tel.	15,	Mr. Silley's oil claims. Refers to No. 178. Political situation in Nejd would render visit of European expert undesirable. Stock is suggesting that a native should visit district and report	158
180	" " ...	345 Tel.	16,	Hakki negotiations. Refers to No. 176. Grand Vizier will try to meet views of His Majesty's Government with regard to additional article to monopolies agreement. He would prefer to discuss other questions after conclusion of present negotiations	158
181	Turkish Ambassador	...	17,	Expulsion of Greeks from Asia Minor. Informs of measures taken by Porte to restore tranquillity in Asia Minor and to check anti-Greek movement	158
182	Sir L. Mallet ...	444	17,	Arabia. Transmits despatch from Basra reporting unquiet situation on the Tigris and Euphrates and relations between the Vali, Ibn Reshid, and Ibn Saud	159
183	" " ...	447	17,	Reforms in Asiatic Turkey. Transmits instructions issued to inspectors-general ...	160
184	India Office ...	...	20,	Admission of Turkey into joint purse agreement. Transmits note from Director-in-chief, Indo-European Telegraph Department, as to proposal for entering into negotiations with Turkey regarding. Considers moment a suitable one ...	163
185	Sir L. Mallet ...	375 Tel.	23,	Treatment of Egyptian goods imported into Turkey. Question as to whether they should pay 15 or 11 per cent. when 4 per cent. customs increase is made. Porte inclined to favour preferential treatment ...	166

No.	Name.	No.	Date.	Subject.	Page
186	Sir L. Mallet ...	376 Tel.	June 23, 1914	Ibn Saud. Repeats telegram from Basra reporting that Ibn Saud has accepted position of Vali and Commandant of Nejd, dependent on Constantinople. Admits he is an Ottoman subject and will fly Ottoman flag (see No. 201)	166
187	Treherne, Higgins, and Co.	...	23,	Mr. Silley's oil claims. Refers to No. 128. Maintains statements made in No. 110. Mr. Silley does not ask for preferential treatment from His Majesty's Government, but only wishes Porte to carry out their mining laws, which they have not done owing to British official intervention. Unless supported by His Majesty's Government he may be driven to make terms with foreign interests...	166
188	Sir L. Mallet ...	377 Tel.	24,	Hakki negotiations. Has seen Grand Vizier and Minister of Finance. Latter's views as to British demands. Definite answer promised for 25th June. French liberality to Porte compared to British attitude (see No. 198)	167
189	" " ...	380 Tel.	25,	Hakki negotiations. Refers to No. 188. Porte will give petroleum company lease of oil concession, details to be arranged between them and Ministry. Hakki is to accept claims convention. Porte insist on Ottoman directors on Smyrna–Aidin board. Djavid Bey will not agree to proposal in No. 148 regarding Shatt-el-Arab Commission (see No. 203)	168
190	" " ...	381 Tel.	25,	Hakki negotiations. Refers to No. 189. Explained to Grand Vizier that no threat was contained in note presented, but he maintained it was implied	169
191	" " ...	382 Tel.	25,	Commercial treaty with Turkey. Porte are going to request His Majesty's Government to make one with them "on the basis of international law." Grand Vizier says all other Powers have agreed to. German and French attitude	169
192	" " ...	384 Tel.	25,	Shatt-el-Arab Commission and irrigation. Refers to No. 149. Is trying to get Porte to agree to additional article	169
193	" " ...	385 Tel.	26,	Commercial treaty with Turkey Refers to No. 191. Hakki will ask His Majesty's Government to give similar undertaking regarding, to that given by French ...	170
194	" " ...	386 Tel.	26,	Commercial treaty with Turkey. Refers to No. 193. Porte refuse German Ambassador's wording for a commercial treaty. Need for finding a formula which can be interpreted either way when treaties to be negotiated expire. Meanwhile recommends temporising answer to Hakki ...	170
195	To Sir L. Mallet ...	282 Tel.	26,	Mr. Silley's oil claims. How are negotiations with Silley regarding Basra and Nejd progressing (see No. 204)? ...	170

No.	Name.	No.	Date.	Subject.	Page
196	To Sir L. Mallet ...	284 Tel.	June 26, 1914	Hakki negotiations. Refers to No. 191. To inform Porte that His Majesty's Government consent to continuance of levy of 3 per cent. customs increase. Will consider favourably any proposal regarding commercial treaty, but will not make consent a condition of grant of Mesopotamian concessions	170
197	Communicated by India Office	Confidential	26,	Bin Saud. Notes by Captain Shakespear on the difficulties of the problems in Arabia and suggested remedies. Bin Saud's strong position. Seyyid Talib's worthless character	171
198	To Sir L. Mallet ...	286 Tel.	27,	Hakki negotiations. Refers to No. 188. To inform Djavid Bey of the feeder line desired by Lord Inchcape. Concession and extent of His Majesty's Government's wishes. Hakki must have misinformed him	174
199	Sir L. Mallett ...	389 Tel.	28,	Hakki negotiations. Refers to No. 196. Proposes deferring consent to continuance of 3 per cent. customs increase pending further attempt to dissuade Porte from insisting on two Turkish directors on Smyrna-Aidin board. Has new proposal as to Shatt-el-Arab been accepted by His Majesty's Government (see No. 205)? ...	174
200	" " ...	452	23,	Prolongation of 3 per cent. customs increase. Transmits note to Porte making British consent to dependent on settlement of outstanding questions with His Majesty's Government, including that of oil wells in Mesopotamia	175
201	" " ...	391 Tel.	29,	Bin Saud. Refers to No. 186. Minister of Interior states Porte have come to terms with, and are appointing him Vali of Nejd. They will not accept tribute. He agrees to establishment of garrisons at Ojair and Katif	176
202	Mr. Greg	50 Tel. Confidential	29,	Treatment of Egyptian goods imported into Turkey. Refers to No. 185. Egypt would prefer to pay full duties. Her aim is to establish customs independence ...	176
203	Sir L. Mallet ...	393 Tel.	30,	Mesopotamian oil. Refers to No. 189. Informs of identic note to him and German colleague from Porte granting lease of Mosul and Bagdad oilfields to Turkish Petroleum Company and raising question of indemnity to third parties. Considers negotiations for contract should be begun as soon as possible	177
204	" " ...	394 Tel.	30,	Mr. Silley's oil claims. Refers to No. 195. Petroleum Company has heard nothing from Silley since No. 179. They deprecate making any new move. Should he hint to Porte that issue of "permis" for Nejd at present moment would be imprudent	177
205	To Sir L. Mallet ...	287 Tel.	30,	Hakki negotiations. Refers to No. 199. Smyrna-Aidin question should not be connected with prolongation of customs increase. Will accept Ottoman Shatt-el-Arab formula	177

Printed for the use of the Foreign Office. August 1914.

CONFIDENTIAL.

Further Correspondence respecting the Affairs of Turkey.

Part II.

[14484] No. 1.

Sir L. Mallet to Sir Edward Grey.—(Received April 1.)

(No. 206.)
(Telegraphic.) R. *Constantinople, April 1, 1914.*

FOLLOWING from consular officer at Basra, No. 23:—

"My telegram No. 17.

"Vali again asked whether we can put him in communication with some financial group willing to consider formation of small company on basis of a thirty years' local concession for electric light, construction of road, Ashar to Basra electric tramway, and other possible municipal improvements. Vali thinks 200,000*l.* capital would be required, of which he expects to raise half locally, but this seems to me doubtful. British Indian agent, whom I informed, will discuss matter with Vali. Can you not give it furtherance or support?

"If we do not take any action Germans probably will, for latter display remarkable activity in development here, and have, I am informed, just completed two days ago sounding operations in the river above and below Basra, but I do not know for what purpose.

"British firm urge establishment of telephone between Basra and Mohammerah, as Sheikh and Vali are both keen. I have spoken to Anglo-Persian Oil Company, who will discuss project with Vali."

I shall be glad of your views on first paragraph.

[13871] No. 2.

Sir Edward Grey to Sir L. Mallet.

(No. 175.)
(Telegraphic.) *Foreign Office, April 1, 1914.*

YOUR Excellency's despatches Nos. 193 and 205.

I fully appreciate the delicacy of the situation and the objections to pressing our mediation about Bin Saud. On the other hand, if the Ottoman Government do not reach an amicable settlement shortly by direct negotiation, which seems very uncertain, it may be preferable both to them and to us that our mediation should be offered again rather than that there should be a general outbreak of hostilities with possible consequences indicated in penultimate paragraph of your Excellency's despatch No. 193.

If you do offer mediation you should make an emphatic statement in writing to the effect that His Majesty's Government adhere strictly to the treaty of 29th July, 1913, and have no intention whatever of undermining Ottoman authority.

[12320.

No. 3.

Foreign Office to India Office.

Sir, *Foreign Office, April 1, 1914.*

ON the 13th September last, as you are aware, a letter was addressed to this Department by the direction of the Secretary of State for India, enclosing a telegram from the Viceroy which contained the following passages:

"There can be no doubt, so far as India's interests are concerned, that the existence in Asia of a strong Turkish power, friendly and reformed, will be a safeguard against interference with India from the west; it might even be the indirect means of Persia's integrity being maintained. We have nothing to fear from Turkey now that we have reached an agreement with her in the Persian Gulf whereas we have everything to gain by keeping our relations with her friendly.

"India's interests cannot, as we are fully aware, entirely govern policy of His Majesty's Government towards Turkey, but it would be a serious prospect for India if partition of Turkey eventuated. Our responsibilities would be increased thereby, and Great Britain, it may be observed, would have to bear a share of the increase.

"It is our strong opinion, therefore, that every effort should be made to avoid action likely to lead to the partition, either now or in the future, of Turkey's Asiatic possessions, and that His Majesty's Government should pursue consistently the policy of maintaining the Turkish Empire while reforming and strengthening it."

I am to request that the despatch No. 193 of the 18th March from His Majesty's Ambassador at Constantinople, of which a copy was sent to you on the 30th ultimo, may be read in the light of the above statement of policy, and I am to observe that, in view of the importance of a successful settlement being the object of the negotiations now taking place between the Ottoman Government and Ibn Saud through the Sheikh of Koweit, Sir E. Grey on consideration has grave doubts as to the wisdom of conveying to Ibn Saud a warning as proposed in the telegram of the 16th March to the Viceroy, especially acting independently of His Majesty's Government.

It is true that direct negotiations have, in a very informal manner, taken place between His Majesty's Government and the Ottoman Government; but Sir E. Grey feels that this does not, in existing conditions, afford sufficient justification for an intimation being conveyed to a Turkish subject that he should not negotiate with his own Government, especially having regard to the terms of the Anglo-Turkish Convention of so recent a date as the 29th July, 1913.

If, as the Government of India may apprehend, terms are agreed between the Ottoman Government and Ibn Saud which are inconsistent with British rights, or unfair to British commercial interests, or opposed to the political duties of Great Britain in the Persian Gulf, the enemy, in Sir E. Grey's opinion, would be in direct negotiation with the Ottoman Government. The adoption of this procedure, and the discontinuance of direct communications of a questionable nature with Ibn Saud, may possibly, Sir E. Grey thinks, cause some minor local inconvenience in the Persian Gulf, but such inconvenience would in all probability be of short duration, and it is desirable to incur it rather than to run the risk of the graver dangers so forcibly portrayed in the Viceroy's telegram of last September.

I am, &c.
EYRE A. CROWE.

[13248.

No. 4.

Foreign Office to Board of Trade.

Sir, *Foreign Office, April 1, 1914.*

WITH reference to your letter of the 9th January regarding Messrs. Wonckhaus and Co.'s claim to compensation in connection with the Abu Musa exile question, I am directed by Secretary Sir E. Grey to transmit to you the accompanying copy of a report of a private interview between Sir P. Cox and Mr. Strick on the subject.

The interview took place before Sir P. Cox's departure for India as the result of an informal discussion at the India Office, in which members of this Department took part. It was of a private character, and Sir P. Cox was careful not to commit His Majesty's Government in any way.

Sir E. Grey would be grateful if the Board would be so good as to revise, in the light of Mr. Strick's views and of the criticism contained in Sir P. Cox's note of the 6th February (of which a copy was forwarded to your Department on the 16th of that month), their recommendations as to the basis on which compensation should be calculated. The revision might be carried out, if necessary, in consultation with Mr. Strick who, it will be seen, has expressed his readiness to help His Majesty's Government in the matter. The only other expert whose name occurs to Sir E. Grey is Mr. M. Dillinger, but there would be fewer difficulties in approaching him on the subject while he is connected with the Muscat-Tejjar in the Persian Gulf.

The Marquess of Crewe entertains the hope which is shared by Sir E. Grey that by the above procedure it may be possible to fix a suitable sum in round figures which will be accepted by Messrs. Wonckhaus in final settlement of their whole claim, and that the reference of the case to arbitration may thereby be avoided.

In conclusion, I am to enclose herewith, with reference to paragraph 9 of your letter under reply, a photographic copy of a telegram from His Majesty's Consul-General at Bushire, from which it will be seen (*a*) that three shipments of oxide were made from the island before the "Louisa" sailed on 1st April, 1908, and (*b*) that no oxide loaded prior to the 1st June, 1906, was still on shipped when the cancellation of the contract took place.

I am &c.
EYRE A. CROWE.

Enclosure 1 in No. 4.

Abu Musa Oxide.—Note by Sir P. Cox of a Conversation with Mr. Strick.

(Private.)

I HAD a private talk with Mr. Strick to-day regarding the Abu Musa case. The following is the gist of what passed:

He is familiar with the history of the island, and with the salient facts of the present case, and I just gave him a brief resumé of them, and went on to say that we had agreed with the German parties to see the case dispassionately, freely even, if you please, and that Wonckhaus had recently put in his claim. Incidentally, I added, it happened to suit Home Government were making for views or information from me regarding various points in connection with Bushire, which might be helpful in answering some of their queries; there were several points regarding which I should be very glad to check, and I ruffly asked whether he knew of any facts, by his expert information, I might assess on the fact that I was referring to the matter privately and that he must kindly regard our interview as a private and confidential consultation between Mr. Francis Strick and Sir P. Cox.

He readily assented but asked me to let his assistant, Mr. Haines, join us as he was the best acquainted with the subject.

I read them the heads of Wonckhaus's claim. Then I read Hassan Samji's statement. They roundly declared the assertions to the effect that the oxide does not deteriorate, and that a protective crust naturally forms on it. They also stated that no protective covering such as planks or tarpaulin was ever used or needed for Hormuz oxide.

They corroborated Hassan's remarks as to the penalty of digging space, and probably to employ more than fifty or sixty men under present conditions. Mr. Strick was inclined to think that the Abu Musa oxide improved rather than deteriorated from keeping. He accidentally (speaking off hand) let out that Hassan, having disposed of 150,000 tons of the stuff, as alleged. They believed that their records would show all the Germans shipments.

On questions regarding the points specified in paragraph 13 of the Board of Trade letter of the 9th January, 1914, they expressed the view that prices would certainly have become depressed by the cessation of a supply from Abu Musa. They stated that they could give all the necessary information regarding average freight, insurance, and commission, during any particular period by reference to their records, and expressed the opinion that unless they had worked the mine on a entirely different and more expert basis the concessionaires could not have got more than 2,000 tons, and probably

not as much. Finally, that none of the Abu Musa oxide subsequently shipped came up to the first shipment [? Stolzenfels] in quality

Having got so far, I reminded Mr Strick of the purely private character of our present conversation, but continued that I should like to suggest to His Majesty's Foreign Office that they should consult him themselves. Would he have any objection to being consulted or giving testimony as an expert witness? He replied, that he would have no objection whatever—he would be happy to do so. When told the rough figures of Messrs Wonckhaus's claim (working out to about 16,000*l*.), both he and Mr Holmes expressed the opinion that it was extravagant and would not bear investigation. Mr Strick said, 'I advise Government to offer him 25 per cent. of that, and then spring a thousand or two, if necessary.'

Finally, Mr Strick said that they could call a doctor or professor, A. R., who was scientifically expert in testing the quality of oxide, and in all matters connected with the mineral. Mr Strick (whose Bushire agent, Mr Malcolm, was formerly one of the Abu Musa concessionnaires), has shipped Abu Musa oxide himself, and has on record precise descriptions of the deposits, charts of the island, and probably much information that would be useful.

I would be inclined to recommend in view of the above that Mr Malcolm meet Mr Strick or perhaps preferably Mr Holmes, and go through the papers with him, seeing in regard to what points they could give help, and then see what their records can produce that would be of assistance.

P. Z. COX.

March 11, 1914.

Enclosure 2 in No. 1.

Major Knox to Government of India.

(Telegraphic.) *Bushire, March* 25, 1914.

PLEASE refer to the Secretary of State's telegram of 20th February regarding oxide. I transmit the results of enquiries which were made at Lingah.

The answer to the first question is —

March 25, 1906.—Bombay-Persia steamship 'Muhamra', 700 tons for transhipment at Karachi for Hamburg.

June 2, 1907.—Bombay-Persia steamship "Nasrias", 300 tons for transhipment Bombay for Hamburg.

July 16, 1907.—Hamburg-Amerika steamship "Teutonia", 500 tons for Hamburg.

April 16, 1908.—Hamburg-Amerika steamship "Louise", 1,810 tons.

The answer to the second question is that a great deal of the oxide that was mined before the contract of 1st June 1906, was entered upon was still lying at Abu Musa at the time of cancellation of the contract.

[14632] No. 5.

Sir L. Mallet to Sir Edward Grey.—(Received April 2.)

(No. 214.)
(Telegraphic.) *Constantinople, April* 2, 1914.

MY telegrams No. 195 of 20th March and No. 201 of 31st March will show present situation.

In speaking to Talaat Bey, I made it clear that we were ready to offer mediation, and that we had no ulterior motives.

He replied that they had strong hope of coming to a settlement themselves, he said he believed the word of His Majesty's Government. In these circumstances, it will be better to watch situation and await further developments. I am instructing consul to keep me fully informed, and will offer mediation if circumstances indicate its desirability.

[14968] No. 6.

Sir Edward Grey to Sir L. Mallet.

(No. 181.)
(Telegraphic.) R. *Foreign Office, April* 3, 1914.

A SERIOUS difficulty has arisen in the negotiations between the Smyrna-Aidin Company and Hakki Pasha.

His Highness had repeatedly and strongly urged us to further an understanding between the company and the Italians respecting Baldur-Adalia Line, which he was understood to consider desirable both for political and military reasons.

In pursuance of this wish company had with great difficulty been induced to agree (notwithstanding the fact that by so doing traffic to the annual value of 10,000*l*. will be diverted from their main Line to the port of Adalia) to a junction at Kizil Kaia, provided that they are now promised that, if line is built, they will receive an adequate guarantee (1) in respect of the line from Bulaur to Kizil Kaia, and (2) that the net earnings on their main line from Karakeuyou to Lake Eghirdir shall not fall below 6 per cent.

Hakki Pasha, who is far less accommodating since Moukhtar Bey's arrival, professes to have categorical instructions not to agree to any guarantees whatever (which shows a somewhat invidious distinction against us in view of the unlimited guarantees being given to French and German projects), and will merely agree that Smyrna Company shall be granted terms not less advantageous for Bulaur Kizil Kaia line than Italians may receive for Kizil Kaia Adalia line. Company cannot accept this, because (*a*) their part of proposed line cannot be built without a guarantee except at a loss, and (*b*) they fear that Italian part of line may be built by means of a secret guarantee from Italian Government or by some other financial subterfuge, possibly in connection with port of Adalia. Company have, however, offered, as alternative to guarantees (1) and (2), to consider the grant of existing immunity (which only represents about 10,000*l*. a year) in respect of fuel and material for the whole system, such immunity to become operative from the present date (see Bagdad Railway Convention and Navigation Concession). Meetings have had to be postponed till Monday and I have to request your Excellency to endeavour to get favourable instructions telegraphed to Hakki Pasha before then. This question and that of pecuniary claims are the only two still outstanding, and I am anxious to conclude all negotiations with Hakki Pasha without further delay.

(Repeated to Rome, No. 81.)

[13134] No. 7.

Sir Edward Grey to Prince Lichnowsky.

(Confidential.)
Your Excellency, *Foreign Office, April* 3, 1914.

I HAVE the honour to acknowledge, with thanks, the receipt of your Excellency's note of the 23rd March, enclosing a confidential memorandum on the subject of a line between Mendeli and the River Tigris via Behran.

In reply, I have to state that His Majesty's Government agree to the proposals of the German Government as to the conditions under which the railway should be constructed.

I have, &c.
E. GREY.

[14632] No. 8.

Foreign Office to India Office.

Sir, *Foreign Office, April* 3, 1914.

WITH reference to my letter of the 1st instant regarding the relations between Ibn Saud and the Turkish Government, I am directed by Secretary Sir E. Grey to invite the attention of the Secretary of State for India to the telegram No. 214 of the 2nd April from His Majesty's Ambassador at Constantinople on the same subject, of which a copy was sent to your Office on the same day.

In view of Talaat Bey's statement, as reported in that telegram, that a direct under-

standing between the Sublime Porte and Ibn Saud is expected, it appears to Sir E. Grey essential that the intimation which it had been proposed to convey to Ibn Saud, warning him against acting independently of His Majesty's Government, should be held back, if not cancelled.

I am, &c.
EYRE A. CROWE

[15023] No. 9.

India Office to Foreign Office.—(Received April 1.)

India Office, April 1, 1914.

Sir,

I AM directed by the Secretary of State for India to acknowledge the receipt of your letter of the 31st instant regarding the relations of Ibn Saud with the Ottoman Government.

The Marchioness of Crewe fully appreciates the force of the considerations stated in the telegram from the Government of India which was quoted in Mr. Harrison's letter, but saw no reason inconsistent with them in the policy of endeavouring to effect, between the *de facto* rulers of Nejd and the Ottoman Government, an arrangement that should be consistent with the interests of all parties. His view was that the integrity of Turkey was more likely to suffer if Ibn Saud were left to negotiate uncontrolled by His Majesty's Government, for all the negotiations took the form (as was likely) of an attempt to coerce him, they would almost certainly result in calling into being the Arab Confederacy of which Sir L. Mallet has referred.

Lord Crewe was further anxious to prevent an inconvenient situation from arising. He believed that if Ibn Saud, disappointed of our good offices, were to throw himself into the arms of Turkey and to adopt a hostile attitude to British interests, whether by placing obstacles in the way of trade or by instigating, or even attacking, the Trucial Chiefs, the inconvenience that would result could not be confined to the Persian Gulf, but would certainly lead to serious friction with the Ottoman Government itself. As a judge from the past, he felt sure that it would not be of short duration. In fact, the same reasons that have led to the conclusion of a convention with Turkey, safeguarding British interests in these regions, appeared to him to indicate that His Majesty's Government should by some means be a party to the negotiations between the Ottoman Government and Ibn Saud, though the position of the latter as a rebel might make formal British participation impossible; and these were, his Lordship pointed out, the reasons for the opening of informal discussions with Hakki Pasha.

When once those discussions had begun, it seemed to Lord Crewe dangerous if Ibn Saud were to negotiate independently with local Turkish authorities who might not be cognisant of what was taking place in London, and he therefore sent his telegram of the 31st March.

Since that date, however, the discussions with Hakki Pasha have made no progress, and it appears that the Ottoman Government are approaching Ibn Saud through the Sheikhs of Koweit and Muhammerah, both of whom are said to be friendly to British interests. His Lordship is, therefore, disposed, with Sir E. Grey's concurrence, to instruct the Government of India that, if it is true, there is no objection to Ibn Saud negotiating on his own account, so that His Majesty's Government have made the Ottoman Government aware of the nature of the settlement that they favour. But Lord Crewe would prefer that the Sheikh should not be encouraged actually to conclude a settlement until His Majesty's Government have satisfied themselves whether through him or through the Ottoman Government that its terms do not conflict with their interests.

In the meantime his Lordship is of opinion that if the Turkish authorities at Basra make any preparations for the actual despatch of troops, one of His Majesty's ships should be sent to see that the territorial waters of the Bahrein Islands are not entered. He regards the reef of Fashtal Yarim, to the north-west of Bahrein Harbour, as forming part of the islands, and the territorial waters, therefore, as extending 3 miles north of the northernmost point of the reef.

I am to enclose, for Sir E. Grey's concurrence, draft of a telegram which Lord Crewe proposes to address to the Government of India.

I have, &c.
LIONEL ABRAHAMS

[15026] No. 10

Sir L. Mallet to Sir Edward Grey.—(Received April 4.)

(No. 220.)
(Telegraphic.)

Constantinople, April 4, 1914.

OUR application for Bagdad and Mosul oilfields is in newspapers. French Ambassador tells me that French are interested in Syrian oilfields, especially those about Jordan and Dead Sea. Suleiman Nasif's permits overlap our areas. He asked me whether Anglo-German combination was applying for anything except Mosul and Bagdad. It is stated in papers that a French syndicate composed of Banque de l'Union Parisienne and the Maison Mallet et Cie has applied for oil concessions in Syria.

[14602] No. 11

Sir Edward Grey to Prince Lichnowsky.

Foreign Office, April 4, 1914.

Your Excellency,

CAREFUL consideration has been given to the enquiries contained in the memorandum handed to me by your Excellency on the 2nd June to the effect that, as the recognition by His Majesty's Government that they would not oppose in principle the granting of a German option on the shores of the Persian Gulf might be an expression of opinion whether the granting of the so-called Turkish firman in Persian territory would be more favourably considered by His Majesty's Government.

His Majesty's Government feel that the German Government in making your Excellency to make this enquiry, have given friendly recognition of the very special interest which Great Britain attaches to all questions connected with the Persian Gulf, and the question has been thoroughly examined in the same friendly spirit. But His Majesty's Government find themselves restrained, much to their regret, to maintain the view that the granting of a foreign option on the shores of the Gulf would gravely affect the British position in those regions, would be in direct contradiction of the well-known foreign policy of this country for over 100 years, to uphold by the sacrifice at times, if many valuable British lives and at the cost of continuous and heavy national expenditure.

His Majesty's Government have no reason to attribute and do not attribute any political object to the proposal made by the German Government, but this does not prevent them from realising that political considerations of great importance are involved. It is, therefore, with the greatest reluctance that they have to state their inability to favour the German scheme.

At the same time they are most anxious to avoid placing difficulties in the way of the reasonable requirements of German commerce, and they will therefore be happy, upon receipt of more detailed information as to such requirements, to see in what way Germany's wishes in respect to greater facilities for international telegraph communications could be met by other arrangements not open to the same objection.

I have, &c.
E. GREY.

[15057] No. 12.

Sir L. Mallet to Sir Edward Grey.—(Received April 6.)

(No. 219.)

Constantinople, April 2, 1914.

Sir,

WITH reference to my telegram No. 213 of to-day's date, I have the honour to forward herewith dispatches from Mr. Abdurrahman, the acting British consul at Jeddah, reporting recent disturbances in the Hedjaz.

I have, &c.
LOUIS MALLET.

Enclosure 1 in No. 12

Acting Consul Abdurrahman to Sir L. Mallet

(No. 16)

Jeddah, March 11, 1914.

Sir,

I HAVE the honour to report that there are signs of what ultimately may turn out to be a very serious disturbance in the Hedjaz.

On the 3rd instant, in the morning, news went round in the town that the Bedouins were plundering the shops outside of Mecca Gate. The whole town was panic-struck and the shops were closed all through the town. Afterwards it was found that there was a dispute arising between two caravan men of two tribes, Bani Omar and Bani Jaber, the latter complaining about the disturbances in the road between Jeddah and Mecca by the former tribe.

Peace and order were restored in a short time. The shops were opened by the order of the Mutessarif.

The Mutessarif sent round his orderly to all the consulates assuring that there was no cause for alarm.

The same day it was known that on the previous two or three days two caravans belonging to the Bedouins and the town itself, each of which consisted of about 500 camels, employed in carrying stores, were taken away. One camel-load of sugar, belonging to Jaber, was taken away from the harbour.

As the Bedouins were not familiar with the geography of the harbour, the camel-men themselves, who were working for the Bedouins, running away with a portion of the cargo. The loss is stated to be 600*l*.

On the 4th March the boat belonging to the local quarantine service while carrying provisions to Medina was intercepted and looted.

On the 5th March was received the news of the brutal murder of Hussein Kiamil Effendi, a very respectable resident of Medina. The deceased was on Mutessarifty circuit and was on pay of the Turkish Government. He was going to Turfa on the charge of climate and was arrested at a place called Bir Abbas, sixty miles from Medina. He and eight of the escort of Turkish soldiers, seven of whom were also killed.

The deceased gentleman was in bad books of the Grand Shereef for his outspokenness, and it is supposed that he was murdered by the order of the Grand Shereef.

The telegraph and telephone wires between Mecca and Jeddah are cut almost daily and the road is practically closed.

The post was looted but the escort soldiers, about twenty-eight in number, were either killed or wounded near Rabegh, a place halfway between Medina and Jeddah.

The caravan carrying goods of merchants of Mecca, was robbed on three different dates, and some of them are Turkish subjects who are putting in their claims.

On the night of the 8th instant after midnight the town was alarmed by rifle-fire, and it was found that the Bedouins were attacking the soldiers' barracks outside the city wall. It is reported that there was continued firing about a quarter of an hour when the Bedouins retired. From the fact that very few cartridge cases were collected, it is evident that the firing was pretty sharp. None was killed or wounded from this side, but it is said that six soldiers were wounded.

The first outpost from Jeddah to Mecca was attacked on the 10th instant, on the usual grounds, by overwhelming numbers. The fight lasted for nearly three hours. A party of soldiers was sent from Jeddah. On the approach of this party the Bedouins took to their heels. Two Turkish soldiers were wounded and what was the loss of the Bedouins in killed or wounded is not known for certain, but the rumour is that six of them were killed.

There have been several cases of kidnapping of Soudanese women by the Bedouins, and the Soudanese, who used to live outside of the city wall, fearing further raids, have taken shelter in the town.

It is an open secret that the cause of all this disturbance is the Grand Shereef himself. He was, up to the arrival of the new Vali, the sole monarch of the Hedjaz and his word was law in this country. The Grand Shereef is naturally opposed to any reforms and wishes that everything should remain as it is at present. All departments in Mecca and Jeddah were under the authoritative guidance of the Shereef and the Turkish Government was only in name. Every Vali who came here during the last five years had to be either saved by the Grand Shereef or be summarily dismissed.

The Turkish Government, it appears, is in different mood now. There are news of extension of the Hedjaz Railway from Medina to Mecca *viâ* eastern route, and that Bin

Rashid has taken upon himself to build this railway. There is also news of building a railway from Jeddah to Mecca.

The new Vali has confiscated all authority from the Grand Shereef and wishes to do away with this dual government.

Naturally the Grand Shereef, seeing this change of policy on the part of the Turkish Government and knowing that this will be a death blow to his interests, has instigated the Bedouins, whose object is one with the Shereef as far as the construction of the railway is concerned. The Grand Shereef has great influence over the ignorant Bedouins and has collected large sums of money directly and indirectly from the pilgrims. He also knows that the Turkish Government could not crush Emam Yahya of Yemen and Edriese of Assyr both of whom are more or less independent and there is reason to believe that he will show resistance to the last.

It is to be seen whether Turkish Government is straightforward enough to carry on reforms here and do away with the dual government at any cost, or to relinquish the same undone, and leave the Grand Shereef more powerful than ever.

I have, &c.

S. ABDURRAHMAN.

Enclosure 2 in No. 12

Acting Consul Abdurrahman to Sir L. Mallet

(No. 17.)

Jeddah, March 19, 1914.

Sir,

IN continuation of my despatch No. 16 of the 11th instant on unsatisfactory situation in the Hedjaz, I have the honour to report that from the information received from Mecca it appears that the Vali, his Excellency Wahib Bey, owing to the disturbances got frightened and appealed to the Grand Shereef with a request to pacify the Bedouins. The Grand Shereef is said to have asked him to sign one telegram which was to be sent by the Grand Shereef. The situation in Constantinople being considered to be so, and on the 16th March a reply to this joint telegram was received from the Sublime Porte stating:

1. That the Government have abandoned the idea of constructing railways in the Hedjaz;
2. That the Court of Justice ("Adaliya") in Jeddah will continue with the cases of foreigners;
3. That the Hedjaz will remain free from conscription.

This information spread like wildfire and messengers were sent round to give as wide circulation to the intentions of the Sublime Porte as the Bedouins could. The result was that all formal requests for a visit to the Grand Shereef and Hedjaz. There was display of great rejoicings in the town of Mecca and Hedjaz on this diplomatic victory of the Grand Shereef for three consecutive days.

A letter signed by Sharif Hussein, Emir-el-Hadj of Hedjaz, together with fifteen Bedouin chiefs was received by the same post secretary in Jeddah, in a very threatening tone, stating that, notwithstanding their having deprived of means of livelihood by the construction of the railway, they kept quiet, but now, hearing that railway is also to be constructed in the Hedjaz, they cannot sit still, because they are sure that after the construction of railway in this country there will remain no means for them to live upon with the result that they will die of starvation and for this reason they have now resolved to die an honourable death fighting with the Government. Copies of this letter were also addressed to the Vali of the Hedjaz and to the Mutessarif of Jeddah.

They asked for a satisfactory reply to the above within ten days, otherwise after the expiry of this period they will start fighting.

The letter exhorted the residents to strive with the Bedouins, who form the 90 per cent of the population of this country, and prevail upon the Government to grant their demands.

There are some who are still sceptic and doubtful about the correctness of this news and believe that the Government, on account of its unpreparedness, have displayed this time-serving policy, and in the near future they are sure of the dismissal of the

present Grand Shereef, who is opposed to the interests of the Turkish Government in this country

How far this is correct one cannot guess at present, but time will make it clear one way or the other.

I have, &c
S ABDURRAHMAN

[15288] No. 13.

Sir L. Mallet to Sir Edward Grey.—(Received April 6.)

(No. 223.)
(Telegraphic.) P *Constantinople, April 6, 1914.*

REFERENCE to your despatch No. 184 of 31st March. Principle of convention would appear to be contravened by the new article which Mr. Parker proposes in his letter to Herr von Kuhlmann. Acceptance of this article might lead to discussion with regard to bringing of ocean-going steamers.

If further concession to Germany is regarded as necessary, would it perhaps be possible, as an alternative, to propose that a certain fixed water-level might be maintained, both in channel and at the bar? One of the German aims may be to extract from the improvement of the work of Anglo-Turkish conservancy, and this object would be achieved by a railway to the Gulf.

[15023] No. 14.

Foreign Office to India Office.

Sir, *Foreign Office, April 6, 1914.*

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 4th instant regarding the relations of Ibn Saud with the Ottoman Government.

With regard to the draft of the telegram which the Marquess of Crewe proposes to address to the Government of India, I am to state that, in Sir E. Grey's opinion it would be injudicious to substitute at the end of the first paragraph for the words "he may now negotiate" some such words as "he is free to negotiate." In order to avoid the risk of creating in the mind of the Turkish Government the impression that His Majesty's Government have hitherto actually prevented Ibn Saud from negotiating with the Porte.

With reference to the second paragraph of the telegram Sir E. Grey considers that it should be pointed out as regards the alternative suggested in the enclosure to your letter under reply, Sir E. Grey fears that in the present state of mind of the Turkish Government it would have a very bad effect on Anglo-Turkish relations if His Majesty's Government were to put forward a demand implying that they have a right to be consulted as to the terms of any agreement between the Porte and Ibn Saud.

The circumstances would, in Sir E. Grey's opinion, be met if the Turkish Government were informed that if they enter into any stipulations with Ibn Saud affecting British subjects or interests His Majesty's Government will expect to be advised of their terms in good time. It will then be open to them, if there be occasion, to make representations to the Turkish Government on the subject.

I am, &c
EYRE A. CROWE.

[15490] No. 15.

Sir L. Mallet to Sir Edward Grey.—(Received April 7.)

(No. 224.)
(Telegraphic.) R *Constantinople, April 7, 1914.*

MY telegram No. 216 of 3rd April. Shatt-el-Arab Riverain Commission.

Official note from Grand Vizier states that Turkish Government will furnish for Shatt-el-Arab 50,000*l.* for first year, dating from the coming into force of [group undecipherable] the convention of 29th July, 1913], and 100,000*l.* for second year; these sums to be raised either direct from State revenues or by means of advances granted through Public Debt or Ottoman Bank, and secured on surplus revenues administered by the Debt, or on customs revenues.

Sums required for third year will be raised by loan to be floated preferably on London market. Securities for this loan will be allotted from such State revenues as may not be earmarked for loan now being negotiated in Paris.

[15288] No. 16.

Sir Edward Grey to Sir L. Mallet.

(No. 189.)
(Telegraphic.) P *Foreign Office, April 7, 1914.*

ANGLO-GERMAN agreement respecting Bagdad Railway, &c.

With reference to the second paragraph of your telegram No. 223 of the 6th April I would call your Excellency's attention to the reservations which were made at the conference that took place on the 5th September at the Foreign Office. In the explanatory note attached to the treaty these reservations will be recalled.

With regard to the article suggested in your private telegram of Herr von Kuhlmann appears to consider it doubtful whether his Government would agree, and he expects that they will drop it entirely. The contingency of the railway being built is, however, rendered extremely remote by the first three lines of the article.

[15597] No. 17.

India Office to Foreign Office. (Received April 8.)

Sir, *India Office, April 7, 1914.*

I AM directed by the Secretary of State for India to forward, to be laid before the Secretary of State for Foreign Affairs, copy of a telegram that has been received from the Government of India regarding a proposal of the British India Steam Navigation Company to run a line of steamers between Bahrein, Katif, Oair, Katr, &c.

In view of the increasing activity of German trade in the Persian Gulf, the Marquess of Crewe agrees with the Government of India that it is important that the British India Company should be first in the field. He would be glad to know whether Sir Edward Grey sees any objection to the proposed assurance to the company's agents letter of introduction which they ask Lawrie to Sheikh Ahmed bin Saud.

I am, &c,
F. V. HOLDERNESS.

Enclosure in No. 17.

Government of India to Marquess of Crewe.

(Telegraphic.) P *April 1, 1914.*

ACTING Resident, Bushire telegraphs as follows:—

"The British India Company have a project of running a small steamer on a local service between Bahrein, Katif, Oair, Katr, &c., and have approached me in connection with it with a request for introductory letters to Abdulla, the Sheikh of Katr. The scheme, in my opinion, deserves strong support myself, but until I have your sanction I hesitate to authorise the political agent at Bahrein to give the letters asked for. I beg that your sanction may be given telegraphically. A similar letter might usefully be sent later on to Ibn Saud. The company understand that similar undertaking is contemplated by a native of Bahrein, and in order to be the first in the field, desire to take early action."

We consider it important that the British India Company should not be forestalled on this coast, and propose to authorise letter to Abdulla.

Is any objection seen by His Majesty's Government to sending Bin Saud similar letter?

[20442] No. 18.

Statuts de la Société de Navigation Inchcape.

LE Soussigné,

Le Très Honorable James Lyle, Baron Inchcape, G.C.M.G., K.C.S.I., K.C.I.E.,

A l'effet de réaliser la Concession en date du 12 décembre, 1913 (29 Teshrin Sani, 1329), accordée par le Gouvernement Impérial Ottoman pour la navigation des eaux [illegible] de ladite Concession, ainsi que pour tout ce qui s'y rapporte, fonde une Société anonyme ottomane qui sera régie par les dispositions suivantes:—

I.—*Fondation et Objet de la Société, son Nom et Siège social.*

1. Une Société anonyme ottomane est fondée par le Soussigné et par tous les détenteurs des actions [illegible] ci-après, ayant pour objet l'acquisition du bénéfice de la Concession accordée au Très Honorable James Lyle, Baron Inchcape, G.C.M.G., K.C.S.I., K.C.I.E., ci-après dénommé "le Concessionnaire," en date du 12 décembre, 1913 (29 Teshrin Sani, 1329) [illegible]

[illegible]

2. La Société prend le nom de "La Société de Navigation Inchcape," et [illegible] Société Ottomane, [illegible]

[illegible] Statuts.

3. La Société [illegible]

4. La [illegible] Société [illegible]

5. La responsabilité de chaque actionnaire est expressément limitée au montant non payé des actions détenues par lui.

II.—*Capital et Actions—Transfert de la Concession.*

6. Le capital nominal de la Société sera de £ T 100,000, divisé en 100,000 actions d'une valeur nominale de £ T 1 chacune. Il ne sera réparti aucune action de la Société avant que le Concessionnaire ait certifié par écrit au Conseil d'Administration que des arrangements ont été satisfaisants ont été conclus

(a) Pour le transfert à la Société des droits, facultés, pouvoirs et bénéfices de ladite Concession;

(b) Pour l'acceptation et l'adoption par la Société de tous contrats ou arrangements pour la garantie ou pour l'achat de tous biens, droits ou autres, passés par le Concessionnaire, et pour indemniser de tous engagements s'y rapportant. Les contrats ou arrangements passés par le Concessionnaire et qui seront transférés à la Société ne seront pas considérés comme invalidés par le fait que celui-ci ou tout autre administrateur ou actionnaire futur quelconque y serait intéressé comme actionnaire, associé, directeur ou administrateur des sociétés, tant en nom collectif ou en commandite qu'anonyme, avec lesquelles ces contrats ou arrangements auraient été

passés. De même, les contrats ou arrangements passés par le Concessionnaire en exécution des engagements qu'il aurait pris envers le Gouvernement Impérial Ottoman ou ses représentants et qu'il devra transférer à la Société en conformité de ces engagements ne seront pas considérés comme invalidés par le fait qu'il les aurait passés en sa qualité personnelle;

(c) Pour assurer au Concessionnaire l'indemnité prévue respectivement aux articles 3 et 31 de ladite Concession; et

(d) Pour assurer un capital d'exploitation suffisant.

7. Dès que des certificats à cet effet auront été fournis, tous les documents signés, et les dispositions prises pour effectuer le transfert à la satisfaction du Concessionnaire, un certain nombre d'actions dont la valeur nominale sera égale à la valeur de l'équivalent, déterminé conformément à l'article 18 de la Concession, pour le transfert des biens et droits, [illegible] entièrement libérées et réparties [illegible] ayant droit ou aux ayants droit du Gouvernement Impérial Ottoman.

Un nombre égal d'actions sera offert pour la souscription au pair au Concessionnaire, [illegible]

[illegible]

8. Le capital [illegible]

[illegible]

9. La Société pourra augmenter son capital par délibération passée à une assemblée [illegible] réserve des dispositions de ladite Concession, dans aux conditions et aux moments que le Conseil d'Administration pourra déterminer. La Société pourra également, sur la demande du Conseil d'Administration [illegible] assemblée générale des actionnaires, [illegible] des actions privilégiées à un taux d'intérêt fixe et sans participation aux bénéfices de la Société.

10. Il sera tenu un registre de tous les détenteurs d'actions de la Société, avec une adresse [illegible] pour chaque actionnaire, et aucune personne ne sera reconnue comme membre de la Société si son nom n'est pas dûment enregistré. Chaque membre aura droit à un certificat authentiqué de la manière qui sera déterminée par le Conseil d'Administration, spécifiant les actions détenues par lui et le montant payé relativement à ces actions. Si un certificat est usé, détruit ou égaré, il pourra être renouvelé sur la production de preuves de son usure, de sa destruction, ou de sa perte, que le Conseil d'Administration jugera plausibles, et

aux conditions, en ce qui concerne le paiement, l'indemnité et la garantie à cet effet, que le Conseil d'Administration pourra exiger

11 Les certificats relatifs aux actions seront imprimés en langue turque et en langue anglaise, et porteront au dos un extrait relatif aux droits de transfert desdites actions. Il ne sera pas émis de titres d'action ou d'actions établissant que le porteur ne peut avoir droit aux actions y spécifiées, ni de certificat d'actions comprenant ou portant au dos un acte de transfert. A l'exception de ce qui est ci-dessus, la forme des certificats d'actions sera telle que le Conseil d'Administration pourra la déterminer de temps à autre

12 Aucune action ne sera transférable autrement que par un acte de transfert par écrit enregistré dans les livres de la société, et aucun transfert ne sera valable avant l'avoir été enregistré dans ses dits livres.

13 Sauf avec le consentement du Conseil d'Administration donné de la manière ci-après, la Société ne sera détenue par une corporation quelconque, excepté pour, ou sous le nom d'une manière quelconque pour le contrôle d'une corporation, personne ou groupe de personnes, autre que le détenteur enregistré. Un tel consentement sera signifié par l'Assemblée du Conseil d'Administration, spécifiera la corporation autorisée à détenir des actions et excepté dans les cas prévus ci-après, les personnes auxquelles ces actions seront transmises par le registre des transferts, et pourra contenir tout autre règlement par lequel le Conseil d'Administration jugera à sa discrétion devoir en assurer l'exécution effective. Il est entendu, toutefois, que le présent article ne s'applique pas à toutes actions qui sont au nom du Gouvernement Impérial Ottoman, ou de toute autre personne ou corporation ayant droit à toute assistance ou protection de la part du Gouvernement Impérial Ottoman, ou à toute personne ou corporation agissant pour le compte ou au nom de la "British India Steam Navigation Company Limited" (Société de Navigation à Vapeur de l'Inde Britannique, ci-après désignée Limitée)

14 Chaque fois qu'une Assemblée du Conseil d'Administration déclarant qu'il y a lieu de convoquer une ou plusieurs actions qui, selon nous, à l'exception de celles mentionnées dans l'article 13, sont détenues ou sont réputées être détenues en violation de l'article 13, le Conseil d'Administration exigera de tout détenteur d'une telle action ou de toute personne qui, de l'avis du dit Conseil d'Administration, est ou semble être intéressée dans une telle action, de donner tous renseignements qu'il jugera nécessaires pour établir si, à sa connaissance, les actions en question sont ou ne sont pas détenues ou contrôlées de quelque manière que ce soit contrairement à l'article 13, et si oui ou non, à sa connaissance, il y a eu violation des circonstances et conditions dans lesquelles cette action ou ces actions est ou sont tenues ou sont détenues. Dans le cas où il paraîtra à propos au Conseil d'Administration, il pourra exiger que la déclaration ou les renseignements à lui donnés soient appuyés par un affidavit ou autrement, comme il le jugera à propos. Si dans les quinze jours après une telle requête aucune telle preuve satisfaisante n'a été fournie, ou si le Conseil d'Administration n'est pas satisfait de la preuve qui lui a été fournie, le Conseil d'Administration pourra déclarer que les actions en question sont tenues ou détenues contrairement à l'article 13, et pourra ordonner que le transfert de ces actions soit annulé, et pourra refuser d'approuver tout transfert de ces actions, et tout transfert sujet à l'approbation du Conseil d'Administration qui pourra être fait avant l'expiration d'un mois après la réception par le Conseil d'Administration de la déclaration ou des renseignements ci-dessus mentionnés sera nul et de nul effet. Dans le cas où il paraîtra à propos au Conseil d'Administration, il pourra ordonner que le détenteur ou toute personne ayant ou prétendant avoir un intérêt dans les actions en question, ou dans une partie d'icelles, soit tenu de vendre ou de faire vendre, dans un délai déterminé par le Conseil d'Administration, les actions en question ou une partie d'icelles, à un prix raisonnable, et que le produit de la vente soit payé à la Société pour être remis à la personne ayant droit à ces actions, ou à une partie d'icelles, sous déduction de tous frais encourus par la Société dans la vente. Dans le cas où il paraîtra à propos au Conseil d'Administration, il pourra ordonner que le détenteur ou toute personne ayant ou prétendant avoir un intérêt dans les actions en question, ou dans une partie d'icelles, soit tenu de vendre ou de faire vendre, dans un délai déterminé par le Conseil d'Administration, les actions en question ou une partie d'icelles, à un prix raisonnable, et que le produit de la vente soit payé à la Société pour être remis à la personne ayant droit à ces actions, ou à une partie d'icelles, sous déduction de tous frais encourus par la Société dans la vente. Dans le cas où il paraîtra à propos au Conseil d'Administration, il pourra ordonner que le détenteur ou toute personne ayant ou prétendant avoir un intérêt dans les actions en question, ou dans une partie d'icelles, soit tenu de vendre ou de faire vendre, dans un délai déterminé par le Conseil d'Administration, les actions en question ou une partie d'icelles, à un prix raisonnable, et que le produit de la vente soit payé à la Société pour être remis à la personne ayant droit à ces actions, ou à une partie d'icelles, sous déduction de tous frais encourus par la Société dans la vente.

Depuis et après que le Conseil d'Administration aura délibéré ainsi qu'il est prévu ci-dessus jusqu'au moment où une preuve satisfaisante ci-dessus, le consentement du Conseil d'Administration à un tel transfert enregistré, il ne sera considéré comme acquéreur par l'actionnaire des actions mentionnées dans une telle délibération aucun droit de voter ou de participer à une assemblée générale

15 Aucun transfert d'actions de la Société ne sera valable jusqu'à ce qu'il ait été approuvé par le Conseil d'Administration, à moins que, s'il concerne un sujet britannique, approuvé par le Président du Conseil d'Administration. Toute approbation de cette nature pourra, sous réserve des dispositions de l'article 16, être donnée ou refusée, à la discrétion absolue du Conseil ou du Président selon le cas, et sans qu'ils soient tenus d'en indiquer les motifs.

16 Dans le cas où tout transfert proposé dans lequel le cédant n'est pas un sujet ottoman, aucun transfert en faveur d'une personne, autre qu'une personne approuvée par le Président du Conseil, ne pourra être approuvé par le Conseil d'Administration jusqu'à ce que les actions en question aient tout d'abord été offertes

à un sujet ou à plusieurs sujets britanniques nommé ou nommés par le Président du Conseil, et celles-ci aient refusé, offertes ensuite à un sujet ou à plusieurs sujets ottomans nommé ou nommés par le Gouvernement Impérial Ottoman. Une telle offre doit être faite pour les actions libres de toutes charges ou servitudes quelconques et sans conditions ni restrictions quelconques autres que celles qui pourront affecter les actions en vertu des présents Statuts ou de la loi, et à un cours raisonnable, ou celles-ci en ont point, à un prix payable au Conseil d'Administration pourra déterminer comme étant la valeur raisonnable. Si une telle offre est acceptée, le prix sera reçu avisé par la Société d'une manière ou d'une autre et payé au crédit du cédant. Une telle offre sera considérée comme faite et refusée, dans un délai d'un mois à partir de la réception par le Président du Conseil ou le Gouvernement Impérial Ottoman, selon le cas, d'un avis indiquant le prix pour lequel les actions sont offertes, et pour le Président du Conseil ou le Gouvernement Impérial Ottoman le nommer un acheteur, aucun acheteur n'ayant été nommé dans ce délai.

Dans le cas de tout transfert proposé dans lequel le cédant est un sujet ottoman, aucun transfert ne pourra être approuvé avant que le cessionnaire ne soit un sujet ottoman approuvé par le Gouvernement Impérial Ottoman

17 Dans le cas où un actionnaire enregistré décédera ou deviendra failli ou cessera d'être légalement un propriétaire, ses fondés de pouvoirs, syndics, curateur ou autorité compétente pour l'administration de ses biens ou de ses actions auront le droit d'être les seules personnes reconnues à cet effet par la Société, mais seulement dans les limites des pouvoirs conférés par la loi ou sont conférés seront sur les comptes comme ayant tous droits relativement à ces actions

18 Chaque personne ayant droit à des actions pourra, pour se soumettre au Conseil d'Administration le nom d'un cessionnaire et une telle demande sera traitée comme le cas échéant prévu pour le transfert ordinaire tant que le détenteur enregistré était un sujet ottoman, le Gouvernement Impérial Ottoman pourra refuser d'accepter le cessionnaire proposé et nommer lui-même un cessionnaire tandis que, lorsque le détenteur enregistré n'est pas un sujet ottoman, le Président du Conseil pourra refuser d'accepter le cessionnaire proposé et nommer un cessionnaire. Mais aucun tel refus n'est pas exercé dans le délai de trente jours après que la demande en question par écrit a été présentée au Gouvernement Impérial Ottoman ou au Président du Conseil selon le cas, le transfert en faveur du cessionnaire proposé sera considéré comme ayant été approuvé par le Conseil d'Administration

19 Chaque actionnaire aura droit à un certificat de la Société pour le nombre d'actions lui appartenant

Les certificats d'actions seront délivrés sous le sceau de la Société et porteront la signature d'un fondé de pouvoir spécial des Conseils de la Société ou de toute autre personne à laquelle dans son administration le Conseil, pour cet effet, délégue ses pouvoirs, et indiqueront le nombre et la classe des actions auxquelles ils se rapportent et les sommes payées relativement à elles. Aucun certificat ne sera délivré pour des actions partiellement payées, à moins que ce ne soit pour des actions de telle sorte que toutes les sommes payées relativement à elles, à la date de la délivrance du certificat, ne soient égales à un ou plusieurs versements complets. Le Conseil d'Administration pourra, de temps à autre, sous réserve de toutes conditions qu'il jugera à propos, exiger que les certificats d'actions soient déposés au bureau de la Société ou à tout autre endroit désigné par le Conseil d'Administration, et y rester pendant un délai déterminé par le Conseil d'Administration, afin de permettre à ce dernier de vérifier les noms des actionnaires et les actions détenues par eux, et d'apposer sur les certificats d'actions les mentions nécessaires relatives aux transferts et aux versements effectués sur les actions en question. Le Conseil d'Administration pourra exiger le paiement d'une somme n'excédant pas cinq piastres pour chaque certificat d'actions déposé conformément au présent article, et pourra exiger le paiement d'une somme n'excédant pas cinq piastres pour chaque certificat d'actions délivré en remplacement d'un certificat perdu, détruit ou détérioré

20 Le Conseil d'Administration pourra, de temps à autre, sous réserve de toutes conditions qu'il jugera à propos, exiger que les sommes payables sur les actions non libérées soient payées relativement à elles, à la condition qu'un préavis d'au moins un mois soit donné à cet effet. Chaque actionnaire devra payer les appels ainsi faits et toute somme exigible par lui en vertu des présentes statuts et de la loi relativement à ses actions aux époques et aux lieux fixés par le Conseil d'Administration

21 Si un appel quelconque n'a pas été payé le jour fixé ou avant ou sous les conditions de report fixées, c'est pas le jour désigné pour paiement, ou avant le détenteur ou tout autre ayant droit à ces actions aura possible le payer les intérêts de cet appel à raison de cent pour cent par an, à partir de la date du paiement effectif, au taux de [illegible] pour cent par an, et pendant cette période, n'aura pas le droit de voter en raison de cette action, ni d'assister aux assemblées générales

22 Le Conseil d'Administration pourra, aux temps et conditions qu'il jugera appropriés, permettre à tout actionnaire d'avancer à la Société la totalité ou une partie des sommes impayées ou temps en cours relativement aux actions détenues par lui

23 La Société aura à cet égard un droit de rétention prédominant sur toutes actions et sur les intérêts et dividendes y relatifs ou payables à leur égard sur ces actions pour toutes les sommes qui lui seront dues, et ces obligations subsistant à son faveur y compris les cas où les faits sur lesquels l'exploitation de ce paiement ne sont pas encore survenus par le détenteur de ces actions ou de la part de celui-ci, soit seul, soit conjointement avec toute autre personne ou personnes, et la Société pourra exercer sur tel droit de rétention par le moyen d'un transfert obligatoire, ainsi qu'il est prévu à l'article 14, à un moment quelconque, après avoir donné un préavis d'un mois de son intention de le faire.

III. *Administration de la Société*

24 Sous réserve des pouvoirs ci-après réservés à l'assemblée générale des actionnaires et aux buts et objets exprimés ou impliqués par ces présents Statuts, l'entière direction et gestion des affaires de la Société sera confiée à un Conseil d'Administration ci-après dénommé le Conseil. Les pouvoirs qui seront exercés à cet égard par le Conseil seront ceux qui pourront être décrétés par la majorité des voix des trois quarts des voix des membres de la Société ayant le droit de voter à ces fins présente ou par procuration à une assemblée générale extraordinaire de la Société. Les Statuts de la Société ne seront modifiés par un décret de ce Conseil d'Administration et les dispositions des Statuts présents du Conseil ne seront pas susceptibles d'être modifiées par un décret de la Société, le Président du Conseil d'Administration et le Gouvernement Impérial Ottoman.

25 Le nombre qu'il convient de fixer à trente-deux par le Conseil, et confirmé par l'assemblée générale, ce nombre des administrateurs sera de six.

26 La première élection aura lieu à la date des présentes. Les premiers administrateurs de la Société seront nommés par le Président de la Société. L'autre moitié des membres du Conseil sera nommée par le Commissaire du Gouvernement et sera composée de sujets ottomans. Après la première élection, les administrateurs seront élus comme prévu aux présentes, mais par le Gouvernement Impérial Ottoman. Les administrateurs ainsi élus par le Gouvernement Impérial Ottoman pourront être révoqués par lui à tout moment, et les vacances qui pourront survenir dans leurs rangs seront comblées par un nouvel administrateur nommé par le Président du Conseil.

Sauf Gouvernement Impérial Ottoman, le Président du Conseil, selon le cas mentionné ci-après, ou le Président du Conseil, pour chaque élection, le Conseil se réservera la faculté de nommer un ou plusieurs administrateurs supplémentaires qui seront appelés à remplir les fonctions qui leur seront temporairement confiées par le Président du Conseil.

Les administrateurs, à l'exception du Président de la Société et du Président et Vice-Président du Conseil, resteront en fonction pendant trois ans à partir de la date de leur élection, à moins qu'ils ne soient auparavant révoqués par leur terme expiré. Le fonctionnaire ainsi nommé aura droit à toutes les actions, sauf à celles qui seront nécessaires pour remplir les fonctions de la Société.

27 Le Président du Conseil, ainsi que le Vice-Président du Conseil, seront tous deux sujets ottomans. Le premier Président du Conseil sera le Commissaire du Gouvernement ci-après désigné. Après cette première élection, le Président du Conseil et le Vice-Président du Conseil seront élus par le Conseil d'Administration et occuperont leurs fonctions pendant trois ans à partir de la date de leur élection, sauf à ce qu'ils ne soient auparavant révoqués par le Gouvernement Impérial Ottoman. Le Président du Conseil, ou en son absence le Vice-Président du Conseil, présidera, et en cas d'égalité de voix, soit par mains levées, soit par appel nominal, aura une voix prépondérante en plus de sa voix en qualité d'administrateur ou de la voix qu'il pourra avoir comme délégué.

28 Quoique l'administration ait une voix prépondérante, le Président du Conseil tant que le Président du Conseil, ou en son absence le Vice-Président du Conseil, n'aura pas deux voix supplémentaires en cas de vote par mains levées. Si le Président du Conseil ou en son absence le Vice-Président du Conseil, n'obtient pas, les administrateurs voteront entre eux, et à cet effet les administrateurs nommés par le Gouvernement Impérial Ottoman formeront une unité, et le reste des administrateurs formeront l'autre unité.

Chaque unité ainsi constituée aura une voix, qui sera donnée conformément au désir de la majorité des membres de cette unité présents à cette assemblée, et dans le cas où ces membres seraient d'avis également partagés le Président de la Société, dans le cas des administrateurs nommés par le Gouvernement Impérial Ottoman, et le Président du Conseil, ou en son absence le Vice-Président du Conseil, dans le cas des autres administrateurs, auront respectivement droit à une voix prépondérante pour déterminer le sens du vote de cette unité.

Le Président de la Société n'aura pas de seconde voix ou de voix prépondérante en plus de son unique voix en qualité d'administrateur, sauf pour déterminer le sens du vote de son unité lorsque les membres de cette dernière sont d'avis également partagés, ainsi qu'il est prévu ci-dessus.

Le Conseil pourra déterminer le quorum nécessaire pour constituer une assemblée du Conseil, à la condition que la présence du Président ou du Vice-Président ou d'un autre administrateur nommé sera toujours requise pour constituer un quorum.

Chaque réunion du Conseil d'Administration devra être, au moins 24 heures en avance, communiquée à la presse à Londres le chacun des administrateurs, à cet effet, chaque administrateur fera inscrire au siège de la Société à Londres son adresse en cette ville.

30 Aucun administrateur ne sera disqualifié par sa fonction de contracter avec la Société ou avec d'une autre société, tant en nom collectif ou en commandite qu'aucun de ces vendeur, acheteur, prêteur, gérant, agent ou autre, ni ne voter au sujet de tout contrat, arrangement ou participation avec toute société dans laquelle il pourra être intéressé comme actionnaire, associé, directeur ou administrateur, ni un contrat ou arrangement de cette nature passé au nom de la Société, ne pourra être invalidé pour cette raison. Aucun administrateur passant un tel contrat ou arrangement ni ou étant autrement intéressé ne sera tenu en raison de sa fonction, de rendre compte à la Société du bénéfice qui pourra lui revenir de tels contrats ou arrangements en sa qualité d'actionnaire, associé, directeur ou administrateur de l'autre partie. Il en sera de même pour les cas prévus à l'article (*b*).

Il est toutefois entendu que avant que le Conseil d'Administration ait à voter sur un tel contrat ou arrangement, l'administrateur intéressé devra faire connaître sa position personnelle dans l'affaire.

Sauf les cas prévus à l'article (*b*) et aux paragraphes précédents de ce présent article, aucun administrateur ne pourra voter dans une affaire où il sera individuellement intéressé à sa qualité personnelle.

31 Les assemblées du Conseil seront tenues aux intervalles et à tel des bureaux de la Société dans l'Empire Ottoman ou à l'étranger que le Conseil pourra déterminer de temps à autre.

32 En rémunération de ses services, chaque administrateur recevra ses appointements fixés à £T 275 par an, le Président de la Société recevra une somme additionnelle de £T 275 par an, et le Président du Conseil recevra une somme additionnelle de £T 275 par an, les administrateurs reçoivent telle rémunération supplémentaire (s'il y en a) par le Conseil pourra proposer et la Société en assemblée générale ordinaire.

33 Le Conseil aura également la faculté de nommer un ou plusieurs de ses membres administrateur délégué ou administrateurs délégués, avec tels pouvoirs que le Conseil pourra de temps à autre lui ou leur conférer et également de fixer sa ou leur rémunération. Le Conseil pourra également payer les frais de voyage des administrateurs ainsi que toute rémunération spéciale de tout administrateur de la Société qui pourra être appelé à accomplir des services spéciaux pour les affaires de la Société.

34 Le Conseil pourra déléguer la totalité ou une partie de ses pouvoirs à l'un ou plusieurs de ses membres par le moyen d'un mandat spécial pour des objets déterminés et pour une période également déterminée.

Il pourra également les déléguer pour la négociation d'affaires courantes, à une ou plusieurs personnes, maisons ou sociétés ne faisant pas partie de son corps.

35 Le Président du Conseil représentera, soit en personne soit par un mandataire, la Société dans ses procédures judiciaires, soit comme demandeur, soit comme défendeur.

36 Les administrateurs résidant à l'étranger, et ceux qui sont accidentellement absents, peuvent se faire représenter dans les débats du Conseil par l'un de leurs collègues, mais ce collègue ne pourra pas combiner plus de deux voix, y compris la sienne.

IV — *Assemblées générales.*

37. Il y aura un Président de la Société, qui sera un sujet ottoman nommé par le Gouvernement Impérial Ottoman parmi les administrateurs de la Société nommés par lui.

38. Le Président de la Société, ou en son absence le Président du Conseil, présidera à toutes les assemblées générales de la Société, et dans le cas d'égalité de voix, aura une voix prépondérante en plus de la voix ou des voix auxquelles il pourra avoir droit en qualité d'actionnaire. En l'absence du Président de la Société et du Président du Conseil, l'assemblée élira un président parmi les administrateurs nommés par le Gouvernement Impérial Ottoman.

39. Une assemblée générale des actionnaires sera tenue une fois par an. Les date, temps et lieu de l'assemblée seront fixés par le Conseil. Des assemblées générales extraordinaires des actionnaires pourront être convoquées comme le Conseil le jugera approprié. Il sera donné un préavis d'au moins trente jours de toute assemblée générale.

40. Sous réserve des dispositions des présents Statuts et de toutes conditions spéciales relatives au vote d'après lesquelles de nouveaux capitaux pourront être émis avec l'approbation du Président du Conseil et du Gouvernement Impérial Ottoman, chaque actionnaire aura une voix à raison de chaque action détenue par lui à chaque assemblée générale des actionnaires, tant que le Président de la Société n'aura pas décidé que les actionnaires devront voter par unités. Aux fins du présent article, les actionnaires britanniques devront constituer une unité et les actionnaires restants constitueront l'autre unité. Chaque unité aura une voix qui sera donnée conformément aux vœux de la majorité des membres de cette unité présents à l'assemblée générale en question, et dans le cas où ces membres seraient d'avis également partagés, le Président du Conseil, ou en son absence le Vice-Président du Conseil, dans le cas des actionnaires britanniques, et le Président de la Société, ou en son absence le doyen des administrateurs présents nommés par le Gouvernement Impérial Ottoman, dans le cas des autres actionnaires, aura respectivement une voix prépondérante pour déterminer le sens du vote de cette unité. Dans le cas d'égalité de voix à une assemblée générale des actionnaires, à laquelle les actionnaires votent par unités, le Président de la Société, ou en son absence le doyen des administrateurs présents nommés par le Gouvernement Impérial Ottoman, aura une voix prépondérante en plus de la voix de son unité.

Aux fins du présent article, l'expression "actionnaires britanniques" désignera les actionnaires de la Société qui sont sujets britanniques et toutes corporations ou Sociétés constituées sous le régime des lois de la Grande-Bretagne et détenant des actions de la Société conformément aux termes des présents Statuts.

41. Le droit de vote pourra être exercé par le titulaire en personne ou par tout autre actionnaire par lui dûment habilité pour voter et est présent en personne et a été dûment nommé mandataire. La pièce nommant le mandataire devra être par écrit, porter la signature du nominateur et devra avoir été déposé aux bureaux de la Société dans la localité où l'assemblée doit être tenue 48 heures au moins avant l'heure fixée pour cette assemblée.

42. Toute procuration, soit pour une assemblée spécifiée, soit autrement, sera, dans la mesure d'exactitude permise par les circonstances, rédigée selon la formule suivante ou dans le même sens :—

"*Société de Navigation Inland Iraki*

"Je soussigné , demeurant à , étant actionnaire de la "Société de Navigation Inland Iraki, nomme par les présentes , "demeurant à , ou à son défaut , demeurant à , "ou à son défaut , demeurant à , tous actionnaires de la "Société, mon mandataire à l'effet de voter pour moi et en mon nom à l'assemblée "générale annuelle (ou extraordinaire, selon le cas) de la Société, qui sera tenue "le de l'année et à tout ajournement de ladite "assemblée.

"En témoignage de quoi j'ai signé le de l'année 19 "

ou dans toute autre forme que les Administrateurs approuveront de temps à autre.

43. Pour constituer un quorum, doivent être présents, soit en personne, soit par procuration les actionnaires détenant en tout au moins un quart du capital de la Société émis au temps en cours, à la condition que si à une assemblée générale annuelle quelconque, le nombre d'actions représentées est insuffisant pour constituer un quorum, une autre assemblée soit convoquée pour une date postérieure d'au moins un mois, ou de deux mois au plus, à cette assemblée, et les décisions d'une telle autre assemblée seront valables quelle que soit la proportion des actions représentées, mais seulement en ce qui concerne les questions de l'ordre du jour de l'assemblée précédente.

44. L'ordre du jour d'une assemblée générale sera déterminé par le Conseil, et aucune motion ne figurera à l'ordre du jour sans l'approbation du Conseil. A la condition toutefois que le Conseil devra soumettre séparément à l'assemblée générale toute résolution qui lui sera demandée, au moins 15 jours avant la date de l'assemblée, par requête signée par des actionnaires détenant en tout au moins 25 pour cent du capital émis au temps en cours. Il ne sera discuté à une assemblée générale aucun sujet ne figurant pas à l'ordre du jour.

45. Toutes les décisions de l'assemblée générale aux effets prévus par l'article 46 des présentes seront prises à la simple majorité des voix des actionnaires votants en tant que tels. Le Président de la Société n'aura pas la faculté, sur les actionnaires votant par unités. Toute question décidée par ladite assemblée devra être prise à la majorité des trois quarts des voix des actionnaires votants, à moins qu'il n'ait été autrement stipulé dans les présentes. L'assemblée nommera deux des plus gros actionnaires présents de la Société (un sujet ottoman, l'autre sujet britannique) pour remplir la fonction de scrutateurs. Le Conseil nommera également un Secrétaire.

46. En plus des pouvoirs ci-dessus réservés à l'assemblée générale, celle-ci devra

(*a*) Recevoir un rapport qui doit être présenté annuellement par le Conseil sur les affaires de la Société,
(*b*) Recevoir un rapport des Commissaires des Comptes,
(*c*) Discuter et approuver ou rejeter les comptes;
(*d*) Fixer le dividende à distribuer aux actionnaires, à la condition qu'il ne sera pas fixé de dividende plus important qu'il n'est recommandé par le Conseil,
(*e*) Nommer les Commissaires des comptes de la Société,
(*f*) Admettre ou refuser tout achat proposé par les actions d'autres Sociétés qui rendrait nécessaire une augmentation du capital de la Société.

47. Les délibérations adoptées à une assemblée générale conformément aux présents Statuts sont obligatoires même pour les actionnaires absents ou dissidents.

V — *Comptes annuels*

48. L'exercice de la Société commencera le 1er janvier et finira le 31 décembre.

A titre d'exception, le premier exercice commencera à la date de la constitution de la Société et finira le 31 décembre suivant la date de la première répartition des actions.

A la fin de chaque exercice le Conseil fera dresser un inventaire général de l'actif et du passif de la Société ainsi qu'un relevé de comptes et fera soumettre ceux-ci aux Commissaires les comptes 30 jours au moins avant l'assemblée générale annuelle. Tout actionnaire ayant le droit de voter à l'assemblée générale pourra examiner l'inventaire et les comptes.

VI — *Répartition des Bénéfices*

49. Le Conseil décidera, à son absolue discrétion, si dividende il sera recommandé à l'assemblée générale ainsi que le fonds de réserve à créer et l'appropriation et le placement des bénéfices non répartis.

50. Les dividendes seront payés en proportion des montants payés sur les actions, sous réserve des conditions auxquelles tout nouveau capital pourra avoir été émis ou de toutes conditions auxquelles de l'argent a été reçu en avance sur les appels.

VII.—*Dissolution et Liquidation*

51. La dissolution et la liquidation de la Société, ou tout projet de fusion avec une ou plusieurs autres Sociétés, pourront être proposés à une assemblée générale convoquée à cet effet sur la recommandation du Conseil d'Administration, mais non autrement, et ne pourront être réalisés sans le consentement du Gouvernement Impérial Ottoman et du Président du Conseil.

52. Dans le cas d'une dissolution ou d'une liquidation pour un autre objet que celui d'une reconstruction ou d'une fusion, sous réserve de toutes conditions auxquelles un nouveau capital aura pu être émis, l'actif, y compris le fonds de réserve de la Société, disponible pour la répartition entre les membres, sera réparti proportionnellement entre les détenteurs des actions ordinaires.

53. Le ou les liquidateurs de la Société seront nommés par l'assemblée générale sur la recommandation du Conseil d'Administration.

VIII.—*Divers.*

54. Tout avis dont les Statuts exigent la remise à un actionnaire sera censé avoir été donné s'il est envoyé par la poste à l'adresse enregistrée de cet actionnaire, et publié dans un journal en circulation à Constantinople.

55. Tout avis remis par la poste sera censé avoir été remis le jour où, avec le cours régulier du service postal, il serait parvenu à l'actionnaire à qui il est adressé, et pour prouver cette remise, il suffira de prouver que l'avis a été convenablement adressé et expédié par la poste.

56. Des procès-verbaux des assemblées du Conseil ainsi que des assemblées générales seront enregistrés dans les livres de la Société, et seront soumis pour être confirmés à une assemblée suivante, et s'ils sont confirmés ou modifiés par une délibération adoptée à cette assemblée, ils seront signés par la personne présidant l'assemblée à laquelle ils sont confirmés.

Londres le 3 avril, 1914 (27 *Mart*, 1330).

NUBAR HAKKY
INCHCAPE.

Witness to the above signatures:

H. J. JOHNSON,
101, Leadenhall Street, London, E.C.
Solicitor of the Supreme Court
of Judicature.

[15597] No. 19.

Foreign Office to India Office.

Sir, *Foreign Office, April 9, 1914.*

I AM directed by Secretary Sir E. Grey to acknowledge the receipt of your letter of the 7th instant regarding a proposal of the British India Steam Navigation Company to run a local line of steamers between Bahrein, Katif, Ojair, Katr, &c.

In reply, I am to state that Sir E. Grey concurs in the view that it is important that the British India Company should be first in the field; he sees no objection to the Political Resident furnishing to the company's agent a letter of introduction to Sheikh Abdulla, nor, provided the communication is cautiously worded and emphasis is laid upon the purely commercial aspect of the enterprise, to a letter being likewise furnished to Ibn Saud.

I am, &c.
EYRE A. CROWE.

[15883] No. 20.

Viscount Kitchener to Sir Edward Grey.—(Received April 11.)

(No. 58. Confidential.)

Sir, *Cairo, April 4, 1914.*

IN the enclosure to Sir Louis Mallet's despatch No. 193 of the 18th ultimo, of which his Excellency forwarded me a copy, I notice it is stated that the Shereef of Mecca sent his son, Abdullah Bey, to me. This does not, however, quite accurately represent what took place, as Abdullah Bey was actually on a visit to the Khedive, and only called on me quite unofficially and some time after his arrival in Cairo, when he spoke to me as reported in my despatch No. 72 Secret of the 6th February last. You will remember that he received some sort of encouragement from me.

I quite agree with Sir Louis Mallet in thinking that great care will have to be taken in dealing with the Arab question so as not to wound Turkish susceptibilities and arouse their suspicions. At the same time we cannot afford to lose sight of the interests which Great Britain must always have in the holy places owing to the annual pilgrimage which is attended by thousands of Indian Moslems and also by many Egyptians. The welfare and, to a large extent, safety of these pilgrims is intimately bound up with the maintenance of order and the interests in question and of a good relationship between Turks and Arabs, whose animosity has more lately been roused by the recent Turkish policy of centralisation (especially during the last few years) and more especially by the proposal to push forward railway communications which would cause great pecuniary loss to the Arabs who live on the pilgrimage.

I take this opportunity of saying that the suspicions entertained by the Grand Vizier with regard to my interest in the case of Aziz Bey el Masri are quite groundless (see Sir Louis Mallet's telegram No. 191 of the 27th March). Egyptian public opinion has been genuinely and sincerely aroused by the arrest and trial of this officer and so far from taking the initiative in pressing the matter at Constantinople I have had some difficulty in calming the resentment caused by the proceedings of the Turkish Government. Notwithstanding his alleged intrigues with the Arab leaders in Mesopotamia, and his arrest is generally attributed to the personal animosity and jealousy of Enver Pasha.

I have, &c.
KITCHENER.

[15894] No. 21.

Sir F. Bertie to Sir Edward Grey.—(Received April 11.)

(No. 134.)

Sir, *Paris, April 10, 1914.*

I HAVE the honour to transmit to you herewith, extracted from this evening's issue of the "Temps," the text of a communiqué announcing the initialing yesterday, by the French President of the Council, Minister for Foreign Affairs, and Djavid Bey, of the Franco-Turkish agreements in respect of railway construction and port concessions in Asiatic Turkey which formed the subject of my despatch No. 111 of the 10th October last.

The railway concessions granted to France under these agreements are the same as those enumerated in my despatch above mentioned, with the addition of a line from Ravak to Ramleh, half way from Jaffa to Jerusalem.

It is stated that Djavid Bey will proceed to Constantinople to-morrow in order to submit these agreements to the Sultan, and that so soon as an irade is issued confirming them, work will immediately be begun on the lines.

I have, &c.
(For the Ambassador),
GRANVILLE.

Enclosure in No. 21.

Extract from the "Temps" of April 11, 1914.

LES AFFAIRES D'ORIENT. LA CONCLUSION DES ACCORDS FRANCO-TURCS.

LES accords franco-turcs visant l'émission de l'emprunt turc et certaines facilités données au Gouvernement turc au point de vue financier, ainsi que les concessions de nature économique accordées par le Gouvernement ottoman à des groupes français, ont été paraphés hier par M. Doumergue, Président du Conseil, Ministre des Affaires Étrangères, et par Djavid Bey, Ministre des Finances de l'Empire ottoman, en présence de M. de Margerie, Directeur des Affaires politiques et commerciales, chef du cabinet du Ministre, qui avait été chargé de suivre les négociations avec l'assistance de M. Poinsot, consul de France.

Djavid Bey part demain pour Constantinople, où il soumettra ces accords à l'arrêté du Sultan.

Comme le "Temps" l'annonçait le 17 octobre dernier, la France obtient par l'accord économique qui vient d'être conclu les concessions des chemins de fer suivantes :

1. D'une voie ferrée reliant Samsoun, Sivas, Kharpout et Arghana ;
2. D'une voie ferrée reliant Arghana, Batiss et Van. La voie ferrée française rencontrera à Arghana la voie ferrée allemande Argana-Diarbékir ;
3. D'une voie ferrée reliant Trébizonde et Erzeroum ;
4. D'une voie ferrée reliant Erzeroum, Erzingan et Sivas ;
5. D'une voie ferrée partant d'un point sur la ligne Samsoun-Sivas et allant à Kastamouni.

Les contrats concernant toutes ces lignes sont conclus et n'attend pour commencer les travaux que la signature du Firman du Sultan. Ces lignes doivent être achevées dans un délai de dix ans.

Enfin la Porte accorde la concession en Syrie d'une voie ferrée allant de Rayak à Rakkan, avec embranchement de Jaffa et de Jérusalem. On espère que le Gouvernement britannique consentira éventuellement à un embranchement avec le réseau égyptien.

La Porte accorde aussi les concessions pour les ports de Jaffa, Caïffa et Tripoli d'Asie sur la Méditerranée, et pour les ports d'Ineboli et Héraclée sur la mer Noire.

[16138] No. 22

Sir L. Mallet to Sir Edward Grey. (Received April 14.)

(No. 221.)

Sir, *Constantinople, April 4, 1914.*

WITH reference to your despatch No. 132, Confidential, of the 15th ultimo, I have the honour to transmit to you herewith a statement prepared by the Council of Administration of the Ottoman Public Debt, showing the approximate participation of Great Britain and Holland, France, and Germany in the debt administered by the Council.

These figures have been communicated to me by M. le La Boulinière, actually president of the Council, who states that they have been scrupulously controlled and cannot be contested.

Before the establishment of the Council the proportion of British (and Dutch), French, and German holdings of the debt affected by the Decree of Muharrem, exclusive of the lottery bonds held principally in France, was

	Per Cent.
France	39·99
Great Britain	29·08
Holland	7·54
Germany	4·70

The enclosed statement shows that while the figures communicated to Sir E. Crowe by Herr von Kühlmann do not accurately represent the present participation of the three groups of holders, the situation has in fact now materially changed, since the German holdings in the two loans subject to the Decree of Muharrem now exceed similar British holdings by 1·20 per cent.

M. le La Boulinière considers that subsequent loans and the kilometric guarantees, which are on a different basis from the two loans of the Muharrem Decree, must not be taken into account in connection with the claims raised that the German delegate should also take his turn as president of the Council.

I have, &c.
LOUIS MALLET

Enclosure in No. 22

RÉPARTITION approximative entre la France, l'Allemagne et l'Angleterre de la Dette extérieure de la Turquie

(Dette régie par le Decret de Muharrem, Emprunts postérieurs à ce Decret et Garanties kilométriques de chemins de fer, dont le service est assuré par le Conseil de la Dette publique ottomane).

Désignation des Emprunts et des garanties kilométriques des chemins de fer.	France		Allemagne		Angleterre et Pays-Bas		Revenus affectés.
	Capital nominal £T	Pour Cent	Capital nominal £T	Pour Cent	Capital nominal £T	Pour Cent	
Revenus concédés.							
A.—*Emprunts soumis au Decret et Mouharrem.**							
Dette unifiée (1re et 2me émission)	23,348,050	71·48	1,374,016	4·04	3,540,086	10·84	Totaux du produit des Revenus concédés pour £T 2,157,375—plus 25 pour cent de l'excédent au delà de ce montant
Lots turcs	4,527,771	39·85	2,507,891	23·40	420,020	3·87	
Total	27,875,821	63·58†	4,081,907	10·30†	3,960,106	9·10†	
Emprunts et Garanties kilométriques dont le service est confié à la Dette publique ottomane							
B.—*Emprunts gagés sur les excédents des Revenus concédés.* ‡§							
Emprunt 4 pour Cent 1904	2,631,728	100·00	-	-	-	-	Part de 75 pour cent revenant au Trésor dans les excédents des Revenus concédés au delà de £T 2,157,375.
Bagdad. Série II	"	"	4,724,940	100·00	-	-	Part de 75 pour cent revenant au Trésor dans les excédents des Revenus concédés, déduction faite le produit de la surtaxe douanière 3 pour cent, après payment de l'annuité de l'emprunt 1904.—Aghnas des vilayets de Konia, d'Adana et d'Alep. Excédents dîmes affectées aux lignes d'Anatolie et à l'Emprunt Bagdad Série I
" Série III‡	"	"	5,231,424	100·00	-	-	
Total	2,631,728	20·01	9,956,364	79·09			

C.—*Autres Emprunts.** §							
Ottomane 4 pour Cent 1890	3,203,200	100·00	-	-	"	"	Dîmes des céréales et versements de la douane.
Cinq pour Cent 1896	2,880,620	100·00	-	-	"	"	Dîmes secondaires et agnanes.
Privilégiées 4 pour Cent	"	"	2,480,259	100·00	"	"	Revenus divers et dîmes des céréales de Smyrne.
Bagdad. Série I	-	-	2,350,414	100·00	"	-	Dîmes des céréales et part du Gouvernement dans les recettes brutes de la ligne Konia-Boulgourlou.
Quatre pour Cent Tedjdzat-Askerie	-	-	2,491,910	100·00	"	"	Surtaxe ½ pour cent sur dîmes et versement de la douane.
Quatre pour Cent 1901-1905	5,071,038	100·00		-	"	"	Dîmes des céréales. Surtaxe ½ pour cent sur dîmes —Versement de la douane.
Quatre pour Cent 1908	2,275,968	50·00	1,149,984	25·00	1,149,984	25·00	Excédents dîmes et versements de la douane.
Total	13,461,426	58·28	8,484,567	36·74	1,149,984	4·98	
Total B—C	16,093,154	45·10	18,440,931	51,68	1,149,984	3·22	
Total A—B—C	43,968,975	65·26	22,922,838	28,94	5,110,090	6·45	
D.—*Chemins de fer.** ‖							
Haïdar-Pacha-Ismid			9,141,338	100·00		"	Dîmes.
Eski-Chéir-Konia				"		"	"
Smyrne-Cassaba et prolongement	6,166,578	100·00		"		"	"
Panias-Hama et prolongements	5,485,625	100·00		"		"	"
Forfait exploitation Bagdad. Series I II et III			2,943,519	100·00	"		
Total	11,652,203	49·00	12,084,857	50·91	-	"	
Total général	55,421,178	53.85	35,007,695	34·01	5,110,090	4·96¶	

* Voir note ci-annexée.

† Ces proportions ont été établies en se basant sur les opérations d'échange de titres qui ont eu lieu à l'occasion de l'unification en septembre 1903. Les résultats de ces opérations constituent en effet la seule base sérieuse permettant de déterminer approximativement les possessions respectives des trois pays. Les statistiques, pour chacun d'eux, a été arrêtée au 1er février, 1914, c'est-à-dire en tenant compte des rachats d'amortissement ordinaire et extraordinaire opérés dans l'intervalle.

‡ Dans ces chiffres ne sont pas comprises les Séries IV, V et VI de l'Emprunt Bagdad qui ne sont pas encore émises. Pour la même raison la possession française a été évaluée sans tenir compte du nouvel emprunt en cours de négociation.

§ Les chiffres indiqués ci-contre sont ceux qui ont été acceptés par la Commission financière de Paris. Ils représentent la situation au 1er (14 mars, 1913.

‖ Ces chiffres représentent les soldes à ce jour des capitaux émis actions et obligations, pour les services des garanties kilométriques, cette base de calcul, simple et rationnelle, dispensant de recourir à la capitalisation (sauf toutefois pour le forfait d'exploitation des trois premières séries du Bagdad qui a été capitalisé à 4 pour cent, taux ordinaire des emprunts ottomans émis jusqu'à ce jour).

¶ Ce pourcentage, ajouté à ceux de la France et de l'Allemagne, forme un total de 92·80 pour cent. Le reste, soit 7·20 pour cent, représente les possessions des autres pays.

Note relative à la condition du Conseil d'Administration de la Dette publique ottomane à l'égard des diverses Catégories de la Dette extérieure de l'Empire ottoman dont la Gestion lui est confiée

Institué par le Decret de Mouharrem pour gérer la dette prévue dans ce décret, le Conseil d'Administration de la Dette publique ottomane intervient encore en vertu d'actes subséquents, dans la gestion de diverses autres catégories de la dette extérieure de l'Empire ottoman.

Mais le rôle et les attributions du Conseil diffèrent essentiellement selon qu'il s'agit de l'une ou de l'autre de ces cas.

Dans le premier cas, le Conseil a la gestion directe et complète des revenus énoncés au Décret de Mouharrem, lesquels sont cédés d'une manière absolue et irrévocable aux porteurs auxquels ils ont été affectés. Il fait l'application de ces revenus au service de l'intérêt et de l'amortissement de la créance, le surplus et déterminé le montant de l'excédent dont une part revient à l'État en vertu du Décret Annexe.

Dans le second cas, le rôle du Conseil se borne à assurer, suivant les modalités diverses de l'exécution, les engagements que le Gouvernement a assumés envers ses co-contractants.

Mais, en ce qui concerne les emprunts garantis sur des gages spéciaux, la part de l'État dans l'excédent des revenus cédés, l'obligation du Conseil consiste à remettre aux établissements intéressés les affectations portant sur la dite part, jusqu'à concurrence de ce qui leur est dû en vertu de cette dernière. En prenant l'engagement de faire cette remise, le Conseil n'a pas fait autre chose que d'accepter la substitution desdits établissements à l'État dans la possession de cette part à laquelle celui-ci renonce, sous réserve des affectations. C'est donc pas plus que l'État, ces établissements n'ont le droit d'exercer d'une manière prépondérante dans la gestion des revenus cédés laquelle l'État avait lieu en toute indépendance, par le Conseil, conformément au Décret de Mouharrem et au Décret Annexe.

En ce qui concerne les emprunts garanties kilométriques autres que ceux qui viennent d'être mentionnés, les attributions du Conseil se limitent à percevoir les recettes prévues dans les conventions y afférentes et à les verser aux établissements intéressés.

On voit aussi que, dans le cas de la dette prévue aux Décrets de Mouharrem et Annexe, le Conseil agit dans son propre intérêt, en qualité de créancier et de cessionnaire des revenus, tandis que, au contraire, dans le cas des autres catégories de la dette extérieure, il n'agit que comme mandataire et dépositaire de gages opérant dans l'intérêt de tiers.

Il est de toute évidence que pour déterminer le rôle que doit être amené le Conseil à des époques diverses en considération de la dotation qui lui avait fait apporter la gestion des revenus cédés, aussi bien servir de titre aux bénéficiaires de cette intervention du Conseil pour refuser une modification quelconque dans sa constitution telle qu'elle est réglée par ses statuts.

Le 18 (31) mars, 1914.

[16142] No. 23.

Sir L. Mallet to Sir Edward Grey (*Received April 14*)

(No. 225)

Constantinople, April 7, 1914

Sir,

I HAVE the honour to transmit, herewith, copies of a despatch from His Majesty's vice-consul at Van reporting that in the middle of March the Turkish authorities there were preparing to send a small punitive expedition against the Kurdish Sheikh of Barzan. I have not yet heard whether the expedition actually started, but the details contained in Mr Smith's despatch as to the general unrest prevailing among the Kurdish tribes are interesting in view of the serious disturbances which have since occurred at Bitlis, and which I have the honour to report in my telegrams Nos. 167 and 217 of the 14th March and the 3rd April respectively (see also Erzeroum despatch No. 7 of the 25th March, forwarded in my despatch No. 224 of the 5th April).

There have also been strong rumours here lately of trouble at Bayazid, but I have been unable to obtain any official confirmation of them.

It is, perhaps, too soon to speak of an organised Kurdish movement, but there have been indications for some time past that, in spite of chronic inter-tribal jealousy, some such movement is by no means impossible. It is confidently asserted in some quarters that it is already in progress.

If it be true, as officially announced here, and as I am assured by the Ministers, that the authorities have been successful in suppressing the troubles at Bitlis, this may have a salutary effect on the Kurdish generally, and the chiefs of the local authorities ought to be considerably strengthened in the near future, owing to the fact that large numbers of troops are now being sent back from Europe to their war districts in the eastern provinces.

I have, &c.

LOUIS MALLET.

Enclosure in No. 23

Vice-Consul Smith to L. Mallet

(No. 3)

Van, *March* 13, 1914

Sir,

I HAVE the honour to forward Your Excellency herewith a small military expedition is being prepared to take action against the Sheikh of Barzan and his followers. Twenty cavalrymen, the 1st and 2nd battalions of the 97th Regiment, two mountain guns, and two machine guns are leaving Van this week, and should reach Mosul [illegible] from Mosul. Owing to sickness in Van battalions are much under strength, and the force sent from here numbers only some 500 men.

The Sheikh of Barzan is one of the most important Kurdish Sheikhs, and has a large following amongst the chiefs and tribes in the mountainous border districts east of Amadia between the valleys of Van and Mosul. The authority of the Turkish Government in this part of the country is very slight, and the few troops have little influence outside the immediate vicinity of the villages where they are. Many of the Mudirs are Kurdish aghas, but their official position does not alter them in any way from indulging in raids and brigandage at the expense of their neighbours. The weakness of the Government in this district is largely due to the extremely rugged and mountainous nature of the country and the fact that the only communications between the villages are rocky mule paths which are in many places too difficult even for mules.

It has hitherto been the policy of successive valis of Van and Mosul to leave the various small chiefs and aghas, on this border country, more or less free to manage their own affairs, and to quarrel amongst themselves as much as they please. As the chiefs were generally at enmity with each other they were kept busy with their own tribal quarrels to be able to cause any serious annoyance to the Government, and as there was little in the country worth taxing the latter did not interfere. The majority of the Kurds are passively hostile to the new regime, and the Government appears latterly to have come to the conclusion that, under present circumstances, some of the Kurdish chiefs, who have a very real political as well as religious influence, might become a source of danger, if a favourable opportunity should offer to bring about a reactionary movement in that part of Turkey.

The Sheikh of Barzan has, since the constitution, been consistently hostile to the Government, and his district a centre of disaffection. Ali Ihsan Bey of the Beh Khan family, who was intriguing against the Turks last year, as will be recollected, joined him, and possibly this may have induced the Government to suppress the Sheikh. He was formerly a vassal of the Sheikh of Shamdinan, but it is now said that the two have made common cause against the Turks. It will be remembered that Sheikh Obeidullah, grandfather of the present Sheikh of Shamdinan, invaded Urmi with 10,000 Kurds, though his descendant has not the same influence, and has even been chased into Persia by the Turks. His influence is still considerable, and that of the Sheikh of Barzan is equally widespread.

Sheikh Taha of Shamdinan is now at Zerzan in Persia, close to the frontier, where he owns many villages. It was said here lately, I have been unable to verify the fact, that he has been given charge of the Persian customs in this part of Azerbaijan, and is paid a monthly sum by the Russian Administration of that province. If so, he will have little to do beyond preventing the importation into Persia of tobacco from his own district of Shamdinan, the cultivation of which the Turks have leased to the villagers, and which formerly brought him in a revenue of several thousand pounds a year.

Should these two Sheikhs combine, it might be possible for them to raise a large following and give the Turkish soldiers much trouble. In fighting against the Turks,

however, they have not the inducement of unlimited loot to hold out to their followers, as was the case when the Kurds previously combined to invade Urmi, and for this reason the expeditions from Van and Mosul may meet with little opposition. The probable result will be that the Sheikh of Barzan will cross over into Persia and join the growing band of malcontents, who are there waiting for a favourable opportunity to regain the lands and property of which they have been deprived by the Turkish Government.

I have, &c.
IAN M. SMITH,
(Lieutenant, 1st Somerset Light Infantry)

[16155] No. 24.

Sir L. Mallet to Sir Edward Grey.—(Received April 14.)

(No. 238.)
Sir, *Constantinople, April 8, 1914.*

WITH reference to my telegram No. 224 of yesterday's date, I have the honour to enclose herein copies of the note which I received from the Grand Vizier containing the Ottoman Government's engagement in respect of the loans to be raised for the Shatt-el-Arab conservancy.

I have, &c.
LOUIS MALLET.

Enclosure in No. 24.

Grand Vizier to Sir L. Mallet.

M. l'Ambassadeur, *Sublime Porte, le 4 avril, 1914.*

POUR faire suite à ma lettre du 4 mars dernier, j'ai l'honneur d'informer votre Excellence que le Gouvernement Impérial s'engage à fournir pour l'exécution des travaux sur le Chatt-el-Arab la somme de £T 50,000 pour la première année, à courir de la date de la mise en vigueur de la convention du 29 juillet, 1913, et la somme de £T 100,000 pour la seconde année, soit par prélèvement sur les revenus directs de l'État, soit par moyen d'avances consenties par la Dette publique ottomane ou par la Banque Impériale ottomane, et garanties par les excédents des revenus gérés par la Dette publique ottomane ou par les revenus douaniers.

En ce qui concerne le montant de £T 1,000,000 prévu pour la troisième année, il sera fourni par un emprunt à conclure de préférence sur le marché de Londres, pour lequel les garanties seront assignées parmi les revenus de l'État qui ne seraient pas affectés à l'emprunt que nous voulons conclure actuellement à Paris.

Veuillez, &c.
SAID HALIM.

[16202] No. 25.

Sir L. Mallet to Sir Edward Grey. (Received April 14.)

(No. 232.)
(Telegraphic.) R. *Constantinople, April 13, 1914.*

MY telegram No. 220 of 9th April. Smyrna-Aidin Railway negotiations.

Grand Vizier told me to-day that he had sent instructions to Hakki Pasha on Thursday last. They were to the effect that, rather than pay a guarantee, Turkish Government preferred not to have junction line built because Italian Government would certainly also demand guarantees which they were determined not to give.

I said that without seeing the instructions I was not able to judge of the effect, but that I must remind his Highness that Smyrna-Aidin Company, which was the only company without guarantees, had been pressed to build new line, and that largely in order to please Turkish Government they had agreed to do so and had come to an agreement with the Italians on the subject after long and difficult negotiations, only to be told now that line was not wanted. I said that, if the agreement made between the Smyrna-Aidin Company and the Italian syndicate fell through, then of course Turkish

"permis de recherches" for petroleum in the Farsan archipelago shall be respected. Had Mr. Silley approached His Majesty's Government prior to July 1913 with regard to his claim, it might have been possible for His Majesty's Government to have inserted in their draft agreement with the Turkish Government stipulations as to Mr. Silley's mining rights in the vilayets of Basra and Nejd, but it is too late to do so now, as His Majesty's Government cannot possibly go back on the terms of the agreement which has been agreed, even although details of drafting are still under discussion.

Generally speaking the policy of His Majesty's Government is, so far as possible, to use their influence to prevent oil concessions getting in the hands of groups or syndicates other than British. His Majesty's Government have for several years urged the Turkish Government to give the concession in Mosul and Bagdad to Mr. D'Arcy. They cannot now support a claim against them in consequence of compliance with their wishes.

His Majesty's Government state that they cannot support Mr. Silley's claims in respect of prospecting licences, options, and concessions in the provinces of Mosul and Bagdad. Seeing that the Turkish Government have granted Mr. Silley the interests referred to in those provinces, it would appear, in the opinion of his London solicitors, that he has some claim for compensation against the Turkish Government in consequence of the monopoly which they have now given to the Turkish Petroleum Company. With regard to any such claims for compensation, the Foreign Office state that the chance of getting any such claim for compensation admitted is extremely remote.

As regards Mr. Silley's rights in the vilayets of Basra and Nejd, His Majesty's Government will be prepared to support him in respect of those claims, provided he gives a written undertaking in the form required by His Majesty's Embassy at Constantinople. If an undertaking in the form requested is given, His Majesty's Government will be prepared not only to support him, but, in the event of his arranging to make over his rights to the Turkish Petroleum Company, to use their influence to enable him to obtain fair and proper prices for them, according to their proved value, and, in the event of failure to obtain such prices, not to oppose him in transferring his rights to other genuinely British controlled companies. But His Majesty's Government can express no opinion as to the value of Mr. Silley's claims.

[16548] No. 25*.

Messrs. Trehearne, Higgins, and Co. to Foreign Office.—(Received April 15.)

Sir, 7, *Bloomsbury Square, London, April 14, 1914.*

MR. R. H. SILLEY. Oil concessions in Mesopotamia.

We are requested by Mr. A. Parker of the Foreign Office to send you a copy of the enclosed statement which was prepared by us and revised by Mr. Parker, and which deals with the position of His Majesty's Government in connection with oil concessions in Mesopotamia and of our client's claims with regard to certain concessions.

We should perhaps mention that the copy enclosed is in the form in which it was revised by Mr. Parker, and a copy has been sent out to our client, Mr. Silley in Constantinople.

We are, &c.
TREHEARNE, HIGGINS, AND Co.

Enclosure in No. 25*.

Statement.

BY the convention of the 5th March, 1903, made between Zihni Pasha, Minister of Public Works for the Ottoman Government, and certain gentlemen representing the Turkish Railway of Anatolia, known as the Convention of 1903, a concession for the Bagdad Railway was granted. Article 22 of this concession provides as follows:—

"Le concessionnaire pourra exploiter les mines qu'il aura découvertes dans une zone de 20 kilom. de chaque côté de l'axe de la voie, en se conformant aux lois et règlements y relatifs, et sans que cela constitue pour lui un privilège ou un monopole."

It is doubtful what mining rights exactly were acquired by the Bagdad Railway under this article, but it is thought that although the Bagdad Railway did not acquire a monopoly in the mining rights over the areas concerned they did at any rate acquire a very definite prior claim over a wide area.

By an agreement made between the Anatolian Railway and the Turkish Government (Civil List, in 1904, known as the Convention of 1904, the railway claims to have received a monopoly in respect of the mining rights over wide areas, including those concerned. This claim has, however been held in some quarters to have lapsed.

Whatever mining rights were acquired under the conventions of 1903 and 1904 by the Bagdad Railway have been transferred to the Turkish Petroleum Company, in whose favour the British Government have asked for a concession in Mosul and Bagdad from the Turkish Government.

It may be confidentially stated that an agreement was come to on the 19th March, 1914, arranging for the fusion of the interests of the D'Arcy group and the Turkish Petroleum Company upon certain terms which define the financial interest which the various parties concerned shall have in the Turkish Petroleum Company. The agreement does not however, define what mining rights the Turkish Petroleum Company has or in what areas it is interested, but in 1905 the D'Arcy group applied to the Turkish Government for a monopoly over the oil areas of Mosul and Bagdad, and were given definite undertakings and promises by two successive Grand Viziers the promises being confirmed to His Majesty's Ambassador—and this group has, as being first in the field, had ever since the diplomatic support of His Majesty's Government.

(Confidential.)

In July of last year the Turkish Government were anxious to obtain certain concessions from His Majesty's Government with regard to monopolies and other matters, and the British Government seized the opportunity which then presented itself of getting various questions which had been pending settled with the Turkish Government, and an agreement was prepared and is still under discussion with Hakki Pasha.

This agreement does not affect any questions in which Mr. Silley's interests are concerned. It is stipulated that certain British claims respecting the transfer of the

Government must not grant Italian Government any line starting from Adalia which would infringe company's rights or interests. I asked to see instructions to Hakki Pasha, but Grand Vizier preferred not to discuss details with me, and said that Hakki Pasha had undoubtedly communicated with you before leaving for Berlin, and that you would be in possession of Turkish views.

[16615] No. 26.

Sir L. Mallet to Sir Edward Grey.—(Received April 15.)

(No. 237.)
(Telegraphic.) *Constantinople, April 15, 1914.*

YOUR despatch No. 211. Mesopotamian irrigation.

The modification desired by the Turkish Government in article 6 of the draft convention about monopolies seems on the whole acceptable, subject to the following alterations:—

The contractors cannot rightly be held responsible for any flaws in the conception of the projects drawn up by Willcocks or the Turkish Ministry of Public Works, and I would therefore suggest that the final sentence relative to responsibility should be changed to "Par suite de conception dans l'ensemble ou du détail de tous projets dont les soumissionnaires ont été reconnus acceptables." In paragraph 3 the words "jugeraient les conditions proposées inacceptables" would be better than the present text as the former would also cover financial arrangements.

The final sentence of paragraph 3 should, I think, read "Tous les travaux dont il est parlé au présent article," so that it should be clear that the whole and not part of the works tendered for in 1912 (excluding Hinaidi), are to be carried out by either of the two firms.

[16616] No. 27.

Sir L. Mallet to Sir Edward Grey. (Received April 15.)

(No. 238.)
(Telegraphic.) R. *Constantinople, April 15, 1914.*

I AM informed officially that the Porte have selected Messrs. Hoff and Westenenk as the two inspectors-general of the eastern vilayets.

[16202] No. 28.

Sir Edward Grey to Sir L. Mallet.

(No. 193.)
(Telegraphic.) *Foreign Office, April 15, 1914.*

YOUR telegram No. 232 of 13th April. Smyrna-Aidin negotiations.

Hakki's instructions are unsatisfactory.

Your Excellency should inform Grand Vizier, preferably in writing, that His Majesty's Government will feel obliged to withhold their assent to monopolies if binding undertaking is not forthcoming that no line north from Alaha will be granted unless and until guarantees or other adequate financial facilities such as customs immunities are accorded to British company.

Until this point is settled it is useless to pursue negotiations here.

[16801] No. 29.

India Office to Foreign Office.—(Received April 17.)

Sir, *India Office, April 16, 1914.*

WITH reference to your letter of the 6th April, I am directed by the Secretary of State for India to forward, for the information of the Secretary of State for Foreign Affairs, copy of telegrams that have been exchanged with the Government of India regarding the relations between the Ottoman Government and Ibn Saud.

Sir E. Grey is aware of the reasons for which the Marquess of Crewe is very unwilling to create in Ibn Saud's mind the impression that His Majesty's Government

are indifferent to him, and, as will have been seen from Mr. Abrahams' letter of the 4th instant, it is only the supposed fact that the Turks are acting through such tried friends of His Majesty's Government as the Sheikhs of Koweit and Mohammerah that has seemed to his Lordship to justify the policy of leaving him to negotiate direct. If the Government of India's enquiries should show that there is no foundation for this supposition—and it would appear from their telegram of the 11th instant that the Sheikh of Koweit is unwilling to commit himself—Lord Crewe is of opinion that, before any further communication is made to Ibn Saud, Hakki Pasha should be asked informally if he has yet received the views of his Government. It will be remembered that the conversation with his Highness was interrupted in order that he might obtain them, and the apparent loss of interest in the subject on the part of His Majesty's Government may even have produced a stiffening in the attitude of the Ottoman Government towards Ibn Saud.

With reference to the Government of India's telegram of the 4th instant, his Lordship is inclined to doubt whether any purpose would be served by making representations to Hakki Pasha and to allow matters to take their course. But he would suggest that, if a Turkish decoration is conferred on the Sheikh of Koweit, the bestowal of the British decorations approved in your letter of the 15th September last should not necessarily be postponed until the King's birthday.

As regards the last sentence of this telegram, it seems desirable that the Sheikh should be acquainted with the British requirements, the innocent nature of which will disabuse his mind of any idea that His Majesty's Government contemplate a forward or anti-Turkish policy.

I am to enclose, for Sir E. Grey's concurrence, draft of a telegram which Lord Crewe proposes to address to the Government of India on the subject.*

I am, &c.
T. W. HOLDERNESS.

Enclosure 1 in No. 29.

The Marquess of Crewe to Government of India.

India Office, April 7, 1914.

(Telegraphic.) P.

PLEASE refer to my telegram dated the 10th ultimo.

I understand that Turks are making overtures to Ibn Saud through agency of Sheikhs of Mohammerah and Koweit. If this is the case, Ibn Saud may be informed that we have put Porte in possession of our views, and that he is free to negotiate direct with Turks.

Enclosure 2 in No. 29.

Government of India to the Marquess of Crewe.

April 9, 1914.

(Telegraphic.) P.

PLEASE refer to your telegram dated the 7th instant.

Communication in accordance with your Lordship's telegraphic instructions of the 16th ultimo has been made to Ibn Saud. We are making enquiries as to whether, and, if so, on what lines, the Turks have approached Mubarak and Sheikh Kha'zal.

But we should like to observe that, if Ibn Saud is simply told that he should communicate with the Turks direct he may take this as meaning that we have rested content with merely having stated our views, and that he must make the best terms that he can by himself. It would be advantageous if we could impart to him some idea of the views which His Majesty's Government have expressed to the Ottoman Government, and of the extent to which we believe they will be accepted by the Porte.

Authority for this action and the necessary information are requested.

---

* See telegram to Viceroy, April 23, enclosed in India Office letter of April 24, 1914.

Enclosure 3 in No. 29.

Government of India to the Marquess of Crewe.

(Telegraphic.) P. *April 11, 1914.*

IBN SAUD.

Please refer to the telegraphic correspondence between His Majesty's Ambassador at Constantinople and British consul at Basra, copies of which have no doubt been sent you by Foreign Office, and also to our telegram dated the 9th instant.

In reply to the enquiry mentioned in latter, Resident, Bushire, telegraphs:

"A report by political agent at Koweit, dated the 2nd instant, which will be sent you next mail, makes it clear that Bimbashi Said Umar Fauzi-bin-Arif made an attempt to enter into communication, through the Sheikh of Koweit with Abdul Aziz, but his attempt was unsuccessful, and he left Koweit on the 25th March, returning to Basra. Since then it is clear from letters from Said Talea and the Vali of Basra, that the latter is renewing his efforts and urging the Sheikh to give advice, but the latter refuses to commit himself. The terms I have not been mentioned nor their character indicated. I have asked for reports from the political agents at Mohammerah and Koweit."

Enclosure 4 in No. 29.

Government of India to the Marquess of Crewe.

(Telegraphic.) P. *April 14, 1914.*

IBN SAUD.

Following is in continuation of my telegram of the 11th:—

The Vali of Basra is reported by political agent at Koweit to have written to Sheikh intimating the bestowal on him of the 1st class of the Order of the Osmanlieh by Ottoman Government, and expressing a desire to proceed at once to Koweit to invest the Sheikh.

The latter looks on Vali's proposed visit as a move by Turkey in her negotiations with Ibn Saud, he would prefer that Vali should not pay visit, and makes counter-proposal of going himself to Fao to be invested. We are in favour of this suggestion, as it appears to us that inconvenient misunderstandings might arise if Vali went to Koweit in present circumstances, Ibn Saud would entertain incorrect appreciation of our attitude, and a false notion of the existing general position in respect of Koweit would be spread among the Arab people. We ourselves have deliberately refrained from conferring decoration on Sheikh till a decent period should have elapsed after convention is published, and perhaps Hakki Pasha could be informed of this, and at same time be approached with suggestion that Turkish investiture should be postponed.

We would suggest that, in case ultimately Sheikh is drawn into the negotiations with Ibn Saud he might be acquainted if your Lordship sees no objection, with the character of the British requirements specified in the memorandum of the 9th March handed to Hakki. Favour of early orders on this point is solicited.

[16902] No. 30

Sir L. Mallet to Sir Edward Grey.—(Received April 17.)

(No. 241.)

(Telegraphic.) R. *Constantinople, April 17, 1914.*

YOUR telegram No. 193 of 15th April. Smyrna Anatolian negotiations.

I made verbal and written communication in the sense of your instructions.

The Grand Vizier said that you were putting them in a great difficulty, as His Majesty's Government's demand for control them to give kilometric guarantees or customs advantages to Italian as well as to British company, or to stop the negotiations for the evacuation of the Dodecanese.

He would, however, consider the note carefully and try to find a solution, as he was most anxious to conclude matters with His Majesty's Government.

[16914] No. 31.

Sir L. Mallet to Sir Edward Grey.—(Received April 17.)

(No. 244.)
(Telegraphic.) R. *Constantinople, April 17, 1914*

MY telegram No. 203 of 31st March.

The Grand Vizier has informed me that the Government cannot give a monopoly for Mosul and Bagdad oilfields, because the French Government will then ask for a monopoly of Syria, and Russian Government for a monopoly of the eastern vilayets, but that they are ready in practice to give us what we ask by according to the company all the wells already discovered in the possession of the Government, and by giving them "permis de recherche" for any other districts in the vilayet where they think that there is likely to be oil.

I objected that this would not exclude other companies, which he admitted, but said that by applying at once we should forestall anyone else. I reminded his Highness of the promise given to D'Arcy, and said that I felt sure that the proposed solution would not satisfy His Majesty's Government, but that I must consult my German colleague and the representatives of the company.

I have seen the German Chargé d'Affaires, who had not yet received an answer from the Grand Vizier, but will ask for it to-morrow.

We shall then discuss matters together in consultation with the company's representatives.

I will report the result.

[17078] No. 32.

Prince Lichnowsky to Sir Edward Grey.—(Received April 18.)

(Translation.)
(Confidential.)
German Embassy, April 16, 1914

Your Excellency,

THE proposals of the British Government of the 31st March last, respecting an Anglo-German Convention, have been under the consideration of the Imperial Government, who in principle are prepared to accept them in their entirety, but desire certain further modifications as regards their form.

1. In the note explicative to article 1 (*b*) of the draft it is desirable that the passage concerning the Imperial Government should run as follows:—

"The German Government undertake to the British Government to use their influence with a view to the Deutsche Bank adhering to and carrying out their assurance."

2. In article 2, last sentence of clause (*a*), the word "declaration" should be substituted for "convention," in order to bring the article into harmony with articles 1 and 5.

3. At the end of clause (*b*), article 1, it is proposed that the words in brackets (*i.e.*, 'not more than 20 per cent. of the whole directorate') should be struck out. The inclusion of these words is not necessary as regards the substance of the agreement, and even as point of form it is not quite free from objection, seeing that it differs from the corresponding provision in No. 6 of the agreement between the interested parties of the 27th March, 1914. The German interested parties do not, it is true, desire to obtain more than a 20 per cent. share, but they also do not wish to receive less—a fact which does not appear to be made clear by the words in brackets.

4. It would be better to strike out No. 2 of clause (*c*) of article 1 and clause (*b*) of article 5. The agreements mention that there are private commercial arrangements, and contain private provisions of a technical and financial nature not intended for publication. The Deutsche Bank attach importance to keeping the details of these agreements secret. Should the British Government consider it necessary that the two Governments should take formal note of their contents, and should give mutual assurances for their observance, this could be done by means of a special exchange of notes which should not be made public—a course the German Government are ready to agree to.

As regards article 7 (now 8) of the agreement I propose to reserve my observations for a later communication, after I have received instructions which have been promised me.

After the proposed alterations of form have been made the Imperial Government will be prepared to initial the agreement forthwith. The initialling of these arrangements can, of course, only be undertaken subject to the reservation that the final signature and ratification will only take place after the negotiations in progress between German Government, the Bagdad Railway Company, and the Porte have reached a conclusion which shall take account of German interests. The Imperial Government venture to hope that the British Government will, if necessary, afford them their diplomatic support for the attainment of this end.

I have, &c.
LICHNOWSKY.

[16968] No. 33.

Sir L. Mallet to Sir Edward Grey.—(Received April 18.)

(No. 245.)
(Telegraphic.) *Constantinople, April 17, 1914.*

YOUR telegram No. 197 of 16th April. Claims against Turkish Government.

I do not see that there would be any advantage in my pressing Porte, which would afford any security unless the enforcement of monopolies, &c., were deferred until that period had expired. I should be very reluctant to see fleet given to the acquiescence to the proposal. As before pressure has been made for the actual payment of the claims of Turkish creditors, and, having regard to the danger to the whole object of having all the claims, should have no difficulty in making a proposal as rigorously proposed by you for arranging some of the less acute grievances, e.g., those of Italians as suggested by Sir E. Crawford. I do not remember that bulk of the claims are quite recent, and now that Turkish Government are on the point of getting money, they would consult their own best interests by paying them at once without incurring expense of submitting the proposed tribunal.

[17089] No. 34.

Sir L. Mallet to Sir Edward Grey.—(Received April 18.)

(No. 247. Very Confidential.)
(Telegraphic.) *Constantinople, April 18, 1914.*

MY telegram No. 241 of 17th April.

I have seen Talaat Bey and the Minister of Marine about guarantees and customs facilities, and have urged latter to secure one or the other.

To-day previous to seeing which Council, and the Minister of Marine said that he would be ready to obtain and keep the guarantees for Adriatic railway.

Agreement would have to be concluded, because if he did this would ask the same thing would in fairness have to give to the guarantees to the Italians.

I stated that it would be difficult to keep such an agreement secret, and that they were probably having given guarantees to Italians, but he denied this, and said that English and Italian companies were on a totally different footing. Italians were pressing for theirs at present, and as British company was not anxious to construct I have framed articles 1 and 2 of the enclosure in Foreign Office despatch No. 201, Confidential. I suppose that Smyrna Aidin Railway could not accept an arrangement of this kind, and the companies are bound to oppose each other to obtain a monopoly, but I can at least foresee great difficulties should British Government accept customs exemptions without breach of this agreement."

[17090] No. 35.

Sir L. Mallet to Sir Edward Grey.—(Received April 18.)

(No. 248.)
(Telegraphic.) R. *Constantinople, April 18, 1914.*

MY telegram No. 244 of 17th April.

I saw the Minister of the Interior about 11 this morning and explained why Turkish reply was not satisfactory. He replied that they meant to give it

practice all we asked, but that it was a question of form. A glo-German company could be given "permis de recherche" whenever it wanted. On my objecting that other companies could ask for "permis de recherche," he said that they would be refused.

If so, this would amount to a monopoly for us.

My German colleague, to whom I have communicated this information, is to see the Grand Vizier to-morrow, and will endeavour to obtain a clearer statement.

It will of course be necessary to obtain an answer in writing.

[16968] **No. 36.**

Sir Edward Grey to Sir L. Mallet.

(No. 201.)
(Telegraphic.) R. *Foreign Office, April 18, 1914.*

YOUR telegram No. 245 of 17th April. Claims against Turkish Government.

Your Excellency should make a communication on the sense of your telegram to the Ottoman Government, and urge that modified instructions be telegraphed to Hakki Pasha. You should impress upon Turkish Government that we cannot give way on this point, and trust we may soon see early settlement of all outstanding points and completion of negotiations with Hakki Pasha.

[17092] **No. 37.**

Sir G. Buchanan to Sir Edward Grey.—(Received April 19.)

(No. 92.)
(Telegraphic.) R. *St. Petersburgh, April 19, 1914.*

YOUR telegram No. 173 of 18th April.

Following is text of revised note which I propose addressing to the Russian Government, which should supersede notes exchanged on 7th and 15th April. —

"In my note of 7th April I had the honour to communicate to your Excellency copies of two articles, Nos. 6 and 7, which are to be included in the Anglo-German convention respecting the Shatt-el-Arab, Bagdad Railway, and cognate matters, of which the texts are as follows (here follows text). In a further note of the same date I had the honour to inform your Excellency that in regard to the above-mentioned articles it was proposed to insert an explanatory note to the following passage (here follow last seven paragraphs of your despatch No. 135).

"I hereby would your Excellency kindly recall to mind that in my note of 15th April was to the effect that the Imperial Government, having agreed to articles 6 and 7 of the proposed Anglo-German Convention, as well as the points to be included in the explanatory note to be attached to these articles, were prepared to adhere to this arrangement.

"I am accordingly now authorised to inform your Excellency that His Majesty's Government agree to regard the provisions of the aforesaid articles as well as the six points comprised in the explanatory note above referred to as having binding force between His Majesty's Government and the Imperial Government."

The Russian Government in their reply will, I gather, take note of my note, and state that they regard articles 6 and 7 &c., as having binding force between the two Governments. His Majesty's Government will therefore receive no unilateral obligations. If you do not consider this sufficient please telegraph how you wish the Russian reply worded.

[16914] **No. 38.**

Sir Edward Grey to Sir L. Mallet.

(No. 202.)
(Telegraphic.) R. *Foreign Office, April 20, 1914.*

YOUR telegram No. 241 of 17th April. Turkish petroleum concessions.

There is some force in what Grand Vizier says, though of course the claims of Russia in the eastern vilayets and of France in Syria are not analogous, as ours are based on prior rights of Mr. D'Arcy and on Bagdad Convention of 1903. In practice, however, French claim to a monopoly in Syria would be very inconvenient, as not only would it conflict with Mr. Boxall's rights, which he proposes to transfer to Turkish Petroleum Company, but it would conflict with acquisition by the company of other rights from Sulaiman Nasif Bey, which they attach very great importance.

If therefore, Ottoman Government are ready to give to Turkish Petroleum Company rights practically equivalent to a monopoly, the grant of a monopoly in name in Mosul and Bagdad there may be something to be said for agreeing. You should discuss this with your German colleague.

[16801] **No. 39.**

Foreign Office to India Office.

Sir, *Foreign Office, April 20, 1914.*

I AM directed by Secretary Sir E. Grey to request you to acknowledge receipt of your letter of the 16th instant respecting the proposal to confer a Turkish decoration on the Sheikh of Koweit, the proposal for which has been withdrawn, and to inform Lord Crewe that the Ottoman Government have been informed accordingly.

I am to state in reply that Sir E. Grey is strongly opposed, for reasons of general policy, to any British decorations being bestowed upon the Sheikhs of Koweit or Muhammerah until the Anglo-Turkish agreements have been ratified, communicated to other Powers, and published. He therefore would deprecate the bestowal of such decorations, even on the King's birthday, if the above conditions have not then been fulfilled, because, as the Secretary of State no doubt is aware, that grave practical steps to obtain the negotiations still outstanding, including those between Germany and Turkey, and he trusts that they may now speedily be concluded. Under these circumstances he would propose to despatch the telegram,* of which a draft is enclosed, to His Majesty's Ambassador at Constantinople, of the Marquess of Crewe's views in this terms.

As regards Bin Saud, Sir E. Grey considers it preferable that Sir L. Mallet should address a direct enquiry to the Ottoman Government respecting the progress of the negotiations with Bin Saud rather than that Hakki Pasha should be asked if he has received instructions; and as will be observed from the enclosed draft telegram, this course is suggested to his Excellency. Sir E. Grey does not consider that the Ottoman Government should have any reason to think that His Majesty's Government are taking interest in this question.

I am to add that Sir E. Grey sees no reason for a departure from the policy laid down in my letter of the 1st instant on the subject of Bin Saud, and submits that the observations contained in the present letter do not object to the despatch of the telegram enclosed in your letter of the 16th instant.

I am, &c.
EYRE A. CROWE.

[17491] **No. 40.**

Mr. Rothery and Harris to Sir Edward Grey.—(Received April 21.)

Sir, *28, Victoria Street, London, April 21, 1914.*

IN reply to your letter of the 8th April, I have now the honour to furnish you with the enclosed documents in original, and with the attached translations attached to schedules, on which I rely to support the validity of my claim that no monopoly of the navigation of the River Tigris should be granted to any one company (whether international company or otherwise), because such a grant would destroy the value of the concession legally granted in proper form by His late Excellency Nazim.

I also again draw attention to the fact that the proposed grant of a monopoly to a new company, to be created with the approval of His Majesty's Secretary of State for Foreign Affairs, prevents me completing my plans for the formation of the Osmanieh Joint Stock Company for the Navigation of the Tigris, because those associated with

* See No. 50.

me fear that the Essayie concession may be refused recognition, and I should be most grateful if His Majesty's Secretary of State for Foreign Affairs would, as far as possible, be good enough to give me some assurance, which I may show my friends, that the validity of the Essayie concession is recognised by His Majesty's Government.

SCHEDULE.

FO 1.—The original Turkish concession with Turkish schedule attached, signed by His late Excellency Nazim Pasha.

FO 2.—Certified English translation of the above, made by the Turkish consul.

FO 3.—The original Turkish letter addressed by Yacoub Essayie Pasha to the Minister of the Interior at Constantinople (with translations in French and in English attached) requesting the permission to use a third tug and three or four further barges.

FO 4.—An original Turkish letter and envelope addressed by the Minister of the Interior of the Sublime Porte to the Governor General of the vilayet of Bagdad, with translations thereof in French and English.

FO 5.—A translation, certified by Mr. Henry E. Pears, barrister-at-law, of Constantinople, to be that of a letter addressed in the name of the Ministry of the Interior of the Sublime Porte to the vilayet of Bagdad, which covered a letter addressed to the Minister of the Interior of the Sublime Porte by Yacoub Essayie Pasha (also translated by Mr. H. E. Pears), in which the Minister of the Interior asks whether the Vilayet of Bagdad is of the opinion that the permission for the extra tug and three to four barges is good (valable) and interesting the Vilayet to act in conformity with the permission of the said Grand Vizierial letter, stating that the permit is good and "valable," also says that the same is necessary (reconnu), dated the 7th December, 1911 (sealed with grey ink).

FO 6.—Copy of the Statutes in French of the Société Anonyme Ottomane pour la Navigation à la Vapeur (translated by Mr. Henry E. Pears), dated the 28th February, 1911, 19 pages. (Translation by Mr. Pears of the Turkish original as presented to and passed by the Council of State at Constantinople.)

FO 7.—Portions of the Journal officiel of the Foreign Office enclosing typed copies of the English translations of the above documents, with the exception of the Statutes, and the latter to be returned in due course is asked for.

I beg, &c.
F. RUTHERFOORD HARRIS.

[17501] No. 11.

Sir L. Mallet to Sir Edward Grey.—(Received April 21.)

(No. 252.)
(Telegraphic.) *Constantinople, April 21, 1911.*

Your despatch No. 200 of the 4th April.
Following from consul at Basra:—

"(Secret.)
"Your telegram No. 21.
"I have received private and confidential information that Commission, formed of the chief of the staff, Bagdad, the chief of the staff, Basra, and the Mutessarif of Hasa under presidency of Talib Bey, will be sent to Hasa next week, and that Talib is to arrange to sell over that place to the Turkish Government. I am trying to get confirmation of this.
"(Addressed to Embassy, repeated to Bushire.)"

[17502] No. 12.

Sir L. Mallet to Sir Edward Grey.—(Received April 21.)

(No. 253.)
(Telegraphic.) R. *Constantinople, April 21, 1911.*

YOUR telegram No. 203 of 20th April.
I have discussed the matter with Pears. Present legal position appears to be that opponents hold a judgment of Smyrna relief court, which, if not contested during a certain period, will become legally unassailable. In view of this, I think that the company would be well advised to let lawyer file opposition in superior court here. I would then propose asking the Porte to take steps to hang up all further proceedings pending the result of the negotiations in London and if I succeeded in obtaining this the rôle of the lawyer would be confined to watching matters and guarding against any surprise. I think that Hakki Pasha and Mukhtar Bey should be urged to use all their influence with their own Government to support my request. They have a special inducement to do so as if the company's opponents should establish a legal claim to the land, the Turkish Government, which originally granted it to the company, would be exposed to a claim for indemnity.

Pears concurs, and would like to be authorised as soon as possible to proceed.

[17510] No. 13.

Sir L. Mallet to Sir Edward Grey.—(Received April 22.

(No. 260.)
Sir, *Constantinople, April 18, 1911.*

REFERRING to my telegram No. 237 of the 13th instant, I have the honour to state that the contract relative to the new Turkish loan was actually signed here on the afternoon of the 15th April by the representatives of the Turkish Government, the Imperial Ottoman Bank, which acts for all the banks interested, and the Public Debt Administration.

The total amount of the loan is 800,000,000 francs to be divided into two tranches—the first of 500,000,000 francs to be issued at once, and the second of 300,000,000 francs later in the year. The issue of the second tranche is not contemplated until very late in the year, and the details of the operation remain to be discussed later. All that can be said at present is that the bankers have agreed to it in principle and what is more important that the French Government are from now committed to its admission to the Paris Bourse.

The interest on the loan is 5 per cent., and provision is made for a sinking fund of ½ per cent. The annuity required for the service of the first tranche will be approximately £T 1,200,000.

This is guaranteed on the surpluses of the tithes and sheep tax administered by the Debt Administration, on the customs revenue of Constantinople and Trebizond up to a sum of £T 500,000 per annum, and on the surtax on tithes known as the "Hissed-i-me," in so far as it affects the tithes collected by the Debt. This last tax had already been assigned to the vilayets for local expenditure, but as no account taken for them. The security thus provided is considered ample as the surpluses of tithes, &c., are estimated at £T 950,000 for the current year, and the "Hissed-i-me" at £T 240,000, so that the total security may be estimated at £T 1,190,000.

The issue of the first tranche is not to take place later than the 25th instant, the price of issue to be 85. The bankers agree to take 400,000,000 francs at a price of 86. The remaining 100,000,000 francs given them on a four months' option, which may be renewed. During the period of option they agree to advance 80 per cent. of the amount at a rate of interest rather greater than that of the loan, namely, 7 per cent. The reason for this reservation is said to be that the present moment is not a very favourable one for placing stock on the Paris market.

The agreement concluded for the issue of a loan of £T 2,500,000 for roads has been cancelled, and that operation merges in the present loan.

It is intended to devote a large part of the proceeds of this loan, as I have stated in earlier despatches, to "liquidating the past", more especially by paying off the various outstanding advances, settling the debts due to Government contractors, and wiping out the arrears of salary due to officials. It is hoped that a substantial margin will remain available for purposes of public utility such as roads, &c.

The admission of this loan to the Paris Bourse was one of the principal concessions which Djavid Bey has secured from the French Government as a result of the negotiations which culminated in the agreements signed by him and M. Doumergue in Paris last week. The details of these agreements have doubtless reached you from other sources, but it may be convenient to enumerate the heads of them so far as they have been made known here:—

1. *Customs Duties.*—The French Government assents to the proposed increase of 4 per cent. on the present *ad valorem* duty, subject to a similar agreement being come to with the other Powers, and assents in principle to the eventual substitution of a specific tariff for the present system. The French Government agrees that only two months' notice from the time of promulgating the necessary law need be given before the 4 per cent. increase comes into operation.

2. *Monopolies, &c.* The French Government assents to the creation of the six monopolies, viz., sugar, petroleum, matches, cigarette paper, playing cards, and alcohol. It also assents to the imposition of octroi dues for municipal purposes. It assents further to the extension to French citizens in Turkey of the "taxe sur les revenus mobiliers," still commonly known as "temettu," subject presumably, to an agreement as regards the conditions laid down by all the Powers in the negotiations now pending at Constantinople.

3. *Railways.* The Turkish Government agree to give the "Régie générale de Chemins de fer et de Travaux publics" concessions for a railway from Rayak to Rakka in Syria, and, for a considerable system of railways in North-Asia Minor. The latter comprises lines from Samsoun to Sivas, with a branch from Hayza to Bouvia Kastamuni, and another branch to Pokat, Sivas to Kharput, with a branch from an intermediate point to Pokenig via Erzenjan, Kharput to Arghani, Kharput to Bitlis, and Bitlis to Van. It is stated that the line from Samsoun to Sivas will be put in hand at once, and that the whole system will be completed in the space of ten years. In his most recent published interview Djavid Bey has stated that the French concession for the Hodeidah-Sanaa Railway has been cancelled on terms contemplated by the signed agreement.

4. *Ports.* The Turkish Government agree to give the French concessions for ports at Jaffa, Haifa, Tripoli in Syria, Heraklion and Inéboli, besides the reversion of the ports of Samsoun and Fredjounc, in the event of the existing agreement with the National Bank of Turkey coming to naught.

5. *Purchases in France.* The Turkish Government has agreed to place certain orders in France. As I reported in my telegram No. 239, I learn confidentially that what is contemplated is an immediate order for six destroyers.

6. *December Agreement concerning Missionary Institutions, etc.* The agreements concerning the status of missionary institutions, the protection of Tunisians and Moors, the imprisonment of French citizens awaiting trial and contested pecuniary claims which were mentioned in December last and details of which were reported in my despatch No. 1030 of the 20th December of last year, are now to become definitive.

7. *French Advisers.*—It is understood that French specialists will be appointed to the Land Registry Department, the Census Department, and, what seems an important departure, the "Cour des Comptes," or Audit Department (see my despatch No. 153 of the 3rd March). The chiefs of these posts will be filled by M. Lapeyne, now a member of the Financial Reforms Commission. Another Frenchman will replace him on that Commission, so that there will continue to be two Frenchmen in the Ministry of Finance, viz., the new commissioner, and M. Mouréal, head of the Inspection Department.

I am unable with my present information to guarantee the entire accuracy of the account given of the railway concessions, and I have observed in connection with the monopolies that Djavid Bey, in two published interviews, makes no allusion to petroleum. I am also still without definite information as to whether the French Government has subscribed to any formula dealing with the eventual abolition of the Capitulations or the suppression of French post-offices. Information on all these points will no doubt be obtainable in Paris, if you are not already in possession of it. Otherwise I think the foregoing account is a fairly accurate summary of the results of Djavid Bey's negotiations.

I have, &c.
LOUIS MALLET

[17636] No. 44.

India Office to Foreign Office.—(Received April 22.)

India Office, April 21, 1914.

Sir,

I AM directed by the Secretary of State for India to transmit to you, for the information of the Secretary of State for Foreign Affairs, copy of certain papers on the subject of Ibn Saud.

I am, &c.
T. W. HOLDERNESS.

Enclosure 1 in No. 44.

Major Knox to Government of India.

Bushire, March 15, 1914.

Sir,

IN amplification of my telegram, dated the 12th March 1914, I have the honour to forward, for the information of the Government of India, a copy of the letters which have been received from the Political Agent, Bahrein, in regard to the desirability of communicating the intentions of His Majesty's Government to Ibn Saud before the latter moves north and enters into negotiations with the Turks.

I have, &c.
S. G. KNOX, *Major,*
Officiating Political Resident in the Persian Gulf.

Enclosure 2 in No. 44.

Political Agent, Bahrein, to the Political Resident in the Persian Gulf.

March 8, 1914.

I HAVE the honour to invite a reference to my letter dated the 20th December 1913, on the subject of my meeting with Ibn Saud at Ojair, and especially to paragraph 12 thereof, in which I asked that I might receive orders by the 1st March, if there was anything to communicate to Ibn Saud before he goes north in the spring.

I intended to write about this matter as usual, but it escaped my memory, but I had already begun a letter this week when I received yesterday afternoon a letter from Ibn Saud, a copy of which is enclosed, together with a copy of my reply thereto. I hear rumour that Ibn Saud is coming to Hasa, in which case he will probably start to the north-west in a very short time, and can then postpone his negotiations with the Turkish authorities no longer; if therefore, Government have anything for me to communicate to Ibn Saud, it is imperative that I should receive instructions at once, so that I can communicate with him before he gets out of touch.

Enclosure 3 in No. 44.

Sheikh Abdul Aziz bin Abdur Rahman-al-Faisal to Political Agent, Bahrein.

(Translation.)
(After compliments.)

February 26, 1914.

I HAVE the honour to inform you that since my departure from you from Ojair I have not received any letter from you. I hope some good cause kept you from writing. After this, I have to let you know that all these days negotiations have taken place between myself and the Government, and the time of three months that had been fixed between myself and your Honour is coming to a close. I request you to write what is required, because it is not possible for me to keep them off for more than the known time, so that I may be on foresight (*i.e.*, look after my interests).

Enclosure 4 in No. 44

Political Agent, Bahrein, to Sheikh Abdul Aziz-bin-Abdur Rahman-bin-Saud.

March 7, 1914.

I HAVE received your honoured letter, dated the 1st Rabi II, this day, and understood its contents. I have to say that I did not write because I had not got anything special to write about, and have not yet heard anything from the Resident, Bushire. I intended in any case to send a letter to Bushire by this mail to remind the Resident that the three months' time which was mentioned as drawing to a close, now I have received your letter I shall communicate its contents and request an early reply. As soon as I get it I shall, inshallah, let you know about the matter. I have heard a rumour that you are coming to Hasa in these days and should like to know if that is correct. If so, we shall be near neighbours again, and shall be able to communicate quickly. May you be preserved, and salaams.

Enclosure 5 in No. 44

Political Agent, Bahrein, to the Political Resident in the Persian Gulf.

March 9, 1914.

IN continuation of my letter dated the 8th March, 1914, on the subject of Ibn Saud, I have the honour to invite a reference to Mr. Lorimer's letter dated the 4th January, 1914, on the subject, and especially to the concluding portion of paragraph 4.

In view of the probability of early negotiations between Ibn Saud and the Turks, and the possibility of some settlement being arrived at which might include a clause excluding foreign merchants and agents of foreign Powers (*vide* paragraph 7, subsection (3), of my letter dated the 20th December, 1913), I would observe that, if the proposal to appoint a native agent at Qatif is approved, it would appear advisable to expedite the matter and send the selected man to Qatif without delay.

[17675] No. 45

Sir L. Mallet to Sir Edward Grey.—(Received April 22.)

(No. 255.)
(Telegraphic.) *Constantinople, April* 22, 1914.

YOUR telegram No. 202 of 20th April. Mesopotamian oil.

My German colleague and I are awaiting a promised list of the mines in the possession of the Government before taking further steps.

I quite agree that there is much to be said for the Turkish contention, and if we can protect ourselves by some confidential assurance against the possibility of other companies, such as Standard Oil, or a Turkish combination, acquiring permits, it may be the best way out of the difficulty. There will remain, however, other difficulties to be got over. Once the mining law is applied to those provinces, four or five serious claims will at once arise to oil concessions, who have put in applications in a legal manner for some time past. The Grand Vizier does not, however, attach any importance to this, and it will be the business of the Turkish Government to deal with them.

Sulky as to meet the agents of the Petroleum Company, but makes a great deal of his Mosul and Baghdad claims.

[17092] No. 46.

Sir Edward Grey to Sir G. Buchanan.

(No. 190.)
(Telegraphic.) R. *Foreign Office, April* 22, 1914.

YOUR telegram No. 92 of 19th April. Shatt-el-Arab Riverain Commission.

Provided Russian reply is as anticipated, text of notes is satisfactory. Words "*mutatis mutandis*" should, however, be inserted before words "binding force" in last paragraph of your Excellency's note. Please send home full texts of notes when exchanged.

[17854] No. 47.

Minute by Mr. Parker.

HERR VON KUEHLMANN spoke to Sir E. Crowe and me about irrigation works in Mesopotamia on Saturday. He said the German Government objected to the British claim that the sections tendered for by British firms alone in 1912 should now be reserved to British firms, and considered that the principle of open competitive should apply to all works of irrigation. It was pointed out to Herr von Kuehlmann that the other firms had accepted the exclusive irrigation contracts in connection with the Konieh railway, on the understanding that British firms should not lose what they regarded practically as a *droit acquis* in Mesopotamia, for these sections had already been tendered for in 1912, and other tenders had only not been accepted because it was inconvenient at that time for the Government to incur such expenditure. He then urged that if the British firms had to get the definite contracts all they could claim would be compensation for the cost of proposed expenses in tendering again in 1912; to this we pointed out that the British firms had expended moneys as well as energy in 1912, and we saw no reason why the tenderers should receive benefit of either to their detriment. Moreover, the sections tendered for in 1912 were relatively small in amount, and only formed about a third of the Works scheme, which he said by no means extend to all the regions capable of irrigation. His Majesty's Government regarded the British claims to carry out the sections covered for in 1912 as strong, and they must be upheld. As for the rest of the work, His Majesty's Government had themselves proposed to Turkey, who had agreed, that the principle of open competition should apply.

Herr von Kuehlmann then said that he must get something for his Government were rather put out about the German cable question, and he thought if he could get something, even though purely formal, it would strengthen his hands in inducing the German Government to abandon the article we objected to about a railway to the south of Basra. We pointed out that in any case that article was of recent birth, and did not entitle the Germans to any *quid pro quo* if they gave it up; in fact it seemed to be objectionable from their own point of view as well as from ours.

He persisted that no harm would be done if we said that German firms might have a minor participation in any contracts or concessions for irrigation we might obtain in Mesopotamia, provided the arrangement were mutual. To this Sir E. Crowe replied that the matter would be considered in consultation with the Board of Trade, but it would be necessary in any case to stipulate that such participation would only be admissible if it were considered commercially desirable by the firms concerned, and that His Majesty's Government could only undertake "not to oppose" it.

When Herr von Kuehlmann came to see me on the 21st instant we drew up the annexed article, which I sent I would submit to the Board of Trade, in order that they might consider it in consultation with the British firms principally concerned. I would draw attention to the reference in clause (*b*) to the German works of irrigation in Asia Minor, and to the first paragraph of clause (*a*) which extends the principle of open competition to the whole of Asiatic Turkey.

The Board of Trade are being consulted.

A. P.

April 22, 1914.

Annex.

Article .

(*a*.) The Imperial German Government and His Britannic Majesty's Government declare, so far as concerns themselves, that they will uphold the principle of open competition in regard to contracts or concessions for the execution of future works of irrigation in Asiatic Turkey.

The Imperial German Government declare that they will not oppose a minor British participation in any contracts or concessions which may be allotted to German subjects, provided such participation is deemed commercially desirable by the parties holding such contracts or concessions.

His Britannic Majesty's Government declare that they will not oppose a minor German participation in any contracts or concessions which may be allotted to British subjects, provided such participation is deemed commercially desirable by the parties holding such contracts or concessions.

(*b*.) It is expressly agreed that the foregoing clause shall not be held to apply to those irrigation works already entrusted to German subjects in Asia Minor, or to those tendered for in Mesopotamia by British firms in 1912.

[17855.] No. 48.

Minute by Mr. Parker.

THE following is Article 3, clause (*c*) of the draft Anglo-German Convention, and section III of the explanatory note attached thereto —

Article 3.

Clause (*c*). His Britannic Majesty's Government declare that they will in no case themselves establish, or support any claim by any persons or corporations whatsoever to establish, in Ottoman territory railway undertakings either in direct competition with the Bagdad Railway Company's lines, or in contradiction with that company's existing rights, unless and until there is complete agreement on the subject between the Imperial German Government and His Britannic Majesty's Government. For the purposes of this article, the western terminus of the Bagdad Railway system, as defined in the explanatory note attached to the present Convention, shall be held to be at Koma and the eastern terminus at Basra.

Section III.

In regard to article 3 clause (*c*), of the Convention it is agreed as follows —

1. No lines in that part of Asiatic Turkey which, west of the 36th meridian of east longitude, lies south of the 34th degree of latitude and, east of that part which east of the said meridian, lies south of the 31st degree of latitude shall be held to be in direct competition. Nor any line north of these limits shall be held to be in direct competition if it establishes direct railway communication between the Mediterranean and the Persian Gulf.

2. There shall be a protective zone extending for 60 kilom. on either side of the lines of the Bagdad Railway system, and any line passing within the said zone shall be held to be in direct competition, provided that in the region between Mosoyib and Koma the protective zone shall be bounded on the east by a line drawn midway between the Rivers Tigris and Euphrates from the latitude of Mosoyib to Koma.

3. Local lines serving as feeders for the river navigation and not exceeding 100 kilom. in length shall, provided they do not pass within the protective zone, not be held to be in direct competition.

4 The question of whether any other line is or is not in direct competition shall, in the event of failure to reach an agreement, be referred to arbitration in accordance with article 9 of the said Convention.

A map is annexed for facility of reference.

I venture to suggest that the above provisions should be communicated officially to Hakki Pasha, and that his special attention should be drawn to points 1 and 3 of section III of the explanatory note; that he should be informed that His Majesty's Government are at present opposed to any railway connection with Egypt, but that, in the event of this view being modified at some future date, or of any concessions being granted for railways to the Persian Gulf south of the limits indicated in point 1, His Majesty's Government rely upon the Ottoman Government granting them only to a British group agreeable to His Majesty's Government, and only allowing the construction under conditions acceptable to them; and that, in view of the fact that His Majesty's Government have made so small sacrifices in agreeing to article 3, clause (c), in the desire principally to facilitate the negotiations between Germany and Turkey, His Majesty's Government would much appreciate a written assurance on the subject from the Ottoman Government.

I also think Hakki Pasha should be asked to obtain, in favour of the Ottoman River Navigation Company, an option for ten years, to date from the completion of the Bagdad Railway to Basra, for short lines of railway as feeders for the river navigation.

His attention might be drawn to the fact that, after the completion of the Bagdad Railway, the River Navigation Company, in which the Ottoman Government are important shareholders, will be deprived of much of the lucrative through traffic it will at first enjoy, and will be dependent upon local traffic to a large extent. We might specify a line extending for 100 kilometres on either side of the Tigris, and joining the river at Kut-el-Amara, as one line which will probably be eventually desirable, especially if irrigation work proceeds as rapidly as anticipated.

A. P

April 22, 1914.

CONFIDENTIAL

SKETCH MAP
TO SHEW APPROXIMATELY
RAILWAYS AND RAILWAY PROJECTS AND NAVIGATION CONCESSIONS IN ASIATIC TURKEY

NOTES ON THE MAP

The distances are approximate.

The ANATOLIAN RAILWAY (including branches to Afiun-Karahissar and Angora) has a total length of 660 miles.

The direct line from Scutari (opposite Constantinople) to Konia is 460 miles, viz. Scutari to Eski Shehir 250 and thence to Konia 210

From Afiun Karahissar to Scutari the distance is 290 miles

The SMYRNA-CASABA RAILWAY works 370 miles.

From Afiun Karahissar to Smyrna, viâ this line, the distance is 305 miles.

The SMYRNA-AIDIN RAILWAY works 280 miles

From the present rail-head to Konia the distance by lake and rail would be 140 miles, and from Smyrna to the present rail-head near Ilias Eyberli, the distance is 292 miles.

The MERSINA-ADANA RAILWAY works 42 miles

The BAGHDAD RAILWAY is to run from Konia viâ Adana, Aleppo, and Baghdad to Basra.

The railway distance from Konia to Baghdad is roughly about 960 miles, and from Baghdad to Basra it is 350 miles, and from Mosul to Baghdad it is about 300 miles.

note The Turco-Persian frontier is only approximately shown

REFERENCE

SCALE ... OR 17 STATUTE MILES TO 100 MILES

[17871] No. 49.

Sir L. Mallet to Sir Edward Grey.—(Received April 23.)

(No. 256.)
(Telegraphic.) R. *Constantinople, April 23, 1914.*

YOUR telegram No. 193 of 15th April.

I have just received a reply from the Porte stating that they have for the moment renounced execution of railway from Adalia to Bouldour or from Adalia to Kizil Kaya.

Note states that Government have always been careful to respect their engagements, and that in the event of their considering execution of a line starting from Adalia northwards they will respect rights of the company as specified in convention 1906.

The Grand Vizier, whom I saw yesterday in order to expedite their reply, said that the Porte could not promise to give us guarantee because it would tie their hands in negotiating with Italians, nor could they give us an undertaking going beyond the convention of 1906. I was unable to move him from this position

He said that the whole question was being studied by a commission and that he would be able to give me further information later He said that some people did not wish the Porte to be on good terms with Italy, but that it would be necessary to make some concession in order to recover the islands. I knew his Highness was referring to a letter which I am informed on first-rate authority has been received from Hakki Pasha stating that His Majesty's Government cannot understand why the Porte is so friendly with Italy I replied that his Highness was aware that His Majesty's Government were desirous of helping the Porte to come to an amicable arrangement with Italy, subject to protecting Smyrna Line's rights and interests. (End of R.)

I think that there is a danger of the Porte relying on His Majesty's Government to exert pressure on Italy to evacuate islands, and this may be the reason for their attitude about the Adalia-Bouldour line. The note which you instruct me to address to the Porte, in your telegram under reply, may also encourage the impression of His Majesty's Government's opposition, and I fear misunderstanding with Italian Government.

Could not article 2 of the heads of agreement enclosed in your despatch No. 204 be expanded to cover condition that construction of line should not be undertaken until both parties are satisfied?

[16801] No. 50.

Sir Edward Grey to Sir L. Mallet.

(No. 205.)
(Telegraphic.) R. *Foreign Office, April 23, 1914.*

MY despatch No. 190: Ibn Saud.

We learn that Turkish Government are about to confer First Class Osmanieh on Sheikh of Koweit. Your Excellency should inform Minister for Foreign Affairs confidentially that His Majesty's Government have for some time intended to confer decoration on Sheikh, but have postponed doing so until completion of negotiations with Turkish Government and publication of agreement, and they consider it would be preferable if both Governments were to do this.

Government of India are very unwilling to create in Ibn Saud's mind impression that His Majesty's Government are indifferent to him, and seem to doubt whether negotiations are in fact taking place through the Sheikh of Koweit. In these circumstances, they suggest that Hakki Pasha should be asked informally if he has yet received instructions, but it seems preferable that your Excellency should make a direct enquiry at Constantinople as to progress of negotiations.

[17089] No. 51.

Sir Edward Grey to Sir L. Mallet.

(No. 206.) *Foreign Office, April 23, 1914.*
(Telegraphic.) R.

YOUR telegram No. 247 of 18th April Smyrna-Aidin negotiations.

Arrangement suggested would be a breach of the agreement with Italians initialled on 3rd April. It would also be objectionable as it would in practice be impossible to keep it secret.

Hakki Pasha has received telegram to-day purporting to give text of reply of Ottoman Government to your Excellency's note of 16th April. It has been discussed with Slaughter, who says it is valueless. In these circumstances, I must ask that Ottoman Government should furnish a written undertaking that if the line from Adalia or any adjacent point northwards is made, the Smyrna Company shall be authorised to build simultaneously a connecting line southwards to Kizil Kaya or an adjacent point, receiving sufficient guarantee for construction and adequate protection by tariffs and also guarantees on their existing lines east of Karakonyou to compensate them for any diversion of traffic. Until such a document is in your Excellency's possession I shall feel bound to withhold my assent to the monopolies, and it is mere waste of time for Hakki Pasha to continue to negotiate except on that basis.

[17089] No. 52.

Sir Edward Grey to Sir L. Mallet.

(No. 207.) *Foreign Office, April 23, 1914.*
(Telegraphic.) *En clair.*

SMYRNA-AIDIN negotiations.

Following is communication made by Hakki Pasha purporting to give text of Ottoman Government's reply to your Excellency's note of 16th April. I repeat it so as to be certain that it is identical with that received by your Excellency:—

"En réponse à votre communication du 16 courant, je m'empresse de vous informer que nous avons renoncé, pour le moment, à l'exécution d'un chemin de fer Adalia à Boulduer ou l'Adalia à Kizilkaia. Vous savez, d'ailleurs, que le Gouvernement Impérial a été toujours soucieux de respecter scrupuleusement les engagements assumés par lui. Vous pouvez donc être assuré que le jour où nous envisagerions l'exécution d'une ligne partant d'Acalia et se dirigeant vers le réseau de la Compagnie d'Aidin, nous ne manquerons pas de respecter les droits de cette compagnie tels qu'ils sont spécifiés dans la convention de 1906."

[17089] No. 53.

Sir Edward Grey to Sir L. Mallet.

(No. 208.) *Foreign Office, April 23, 1914.*
(Telegraphic.) R.

MY telegram No. 206 of 23rd April Smyrna-Aidin negotiations.

A further meeting with Hakki Pasha is fixed for 28th April. I hope by then he may at length have satisfactory instructions.

Please inform Ottoman Government that freight arrangements in agreement initialled with M. Nogara are the only ones acceptable to us, and try to obtain Turkish assent in principle now.

[17857] No. 54.

Sir Edward Grey to Sir L. Mallet.

(No. 209.) *Foreign Office, April 23, 1914.*
(Telegraphic.) R.

YOUR telegram No. 255 of 22nd April: Mesopotamian oil.

Deutsche Bank group believe that the quickest way of obtaining the concession for Mosul and Bagdad would be to base the application solely upon the Convention of

1904. Greenway holds that it would be best to base it upon the Conventions of 1903, 1904, and the promises given to D'Arcy.

You know the formal objections felt here to basing application upon the 1904 Convention, which we have maintained had lapsed; but if there are great practical advantages in doing so your Excellency has full freedom of action in the matter. Please discuss position fully with your German colleague. One objection to Licences is expense involved.

[17898] No. 55.

Sir L. Mallet to Sir Edward Grey.—(Received April 24.)

(No. 262.)
Sir, *Constantinople, April 15, 1914.*

THE Greek Minister called upon me this morning to bring to my notice the treatment which the Greek populations of Thrace are receiving at the hands of the Turkish authorities, who, he stated, had been engaged for some time past in a policy of expelling the Greeks and replacing them by Mussulman refugees from the new Servian and Greek territories.

He said that the forced emigration of Greeks was being accompanied by great hardships, as no compensation was given for dispossession from their property and no provision made for the journey. Several thousands of destitute peasants had recently arrived at Rodosto, and many more were on the roads from the villages of Thrace *en route* for Salonica.

The Greek authorities were not prepared for so large an influx of pauper Greek immigrants and were at a complete loss to know how to deal with the problem. Apart from this, the situation here was becoming very strained owing to the pressure put upon the Œcumenical Patriarch by the Greeks to take some action with the Ottoman authorities in order to put a stop to this policy. The Patriarch was at the end of his resources, he had exhausted every form of representation to the Grand Vizier, who denied that the Government were in any way responsible, and he thought would be obliged to take some such action as closing the Greek churches or forbidding the usual Easter solemnities to be performed by way of protest against the treatment of the Greek populations.

Allowing for some exaggeration in the statement of the Greek Minister, my despatches Nos. 180, 210, and 218 of the 17th ultimo, and of the 14th instant respectively bear out the main facts, namely, that in one way or another the Turkish authorities are replacing the non-Moslem element of Thrace by a purely Moslem population, and that great hardships accompany the process. On the other hand, it must not be overlooked that emigration of Turks from Macedonia has been in progress ever since the outbreak of the first Balkan war, and although it does not appear that the Greek Government is encouraging it, the petty vexations to which the Moslems are subjected by their Christian neighbours is, according to the reports of His Majesty's acting consul at Salonica, a factor in inducing them to leave the country.

The two movements cannot be altogether dissociated, and, although it would be rash to say that the one depended upon the other it is a fact that the Mussulman emigration preceded the Greek.

Statistics are difficult to obtain, but according to the Greek Minister there are about 300,000 Ottoman Greeks scattered over Thrace. It is not possible to say what proportion of the population has been forced to emigrate, and it would be premature at present to base any speculations upon what is happening, but if the movement attained to large proportions and if the Ottoman Greeks are in the end replaced by Mussulmans it will be a historical event of great importance in the history of the peninsula. The Greeks of Thrace are this day, to a large extent, the descendants of the old Greek colonists and of the original inhabitants of Thrace, and their disappearance would, on sentimental grounds and for material reasons, be a severe loss to Hellenism. For these reasons it would be looked upon as a corresponding gain to the Turks, who would undoubtedly consider that the political advantages would outweigh the economic loss occasioned by the disappearance of a hard-working and progressive peasantry. If thoroughly carried out, it is a question whether it might not, in the long run, prove beneficial to the unfortunate inhabitants of the Balkans that ethnical and geographical boundaries should be made to coincide, but many reasons make it appear unlikely that the process of migration will be thorough, as the hardships which accompany it are calculating to attract attention, and the practical difficulties of transplanting an entire population may prove insuperable.

The Greek Minister proceeded to enlarge upon the great difficulty of his position here. The Grand Vizier was constantly raising the question of Scio and Mitylene, and urging the advantages of an amicable arrangement by way of exchange with the Dodecanese.

M. Panas did not know what to reply, and in the meantime the situation of the Greeks throughout the Empire was becoming more and more unpleasant, not only owing to the expulsions from Thrace, but also owing to the boycotting of Greek traders in Asia Minor.

M. Panas said he believed that when the Greeks had all been expelled from Thrace the Turks would proceed to make their position as disagreeable in other parts of the Empire that they would also be forced to emigrate.

I told him that I had more than once mentioned the question of the boycott to the Grand Vizier, who had always replied that the Mussulmans had a right to deal with whom they liked, he admitted that societies had been formed which bound their members to deal only with Mussulmans, but that the Greeks were not ill-treated, and he added that he would repress any tendency of this sort with the greatest severity. In Constantinople the boycott has, I am told, already largely broken down, and this is also the case in some parts of the provinces.

I do not wish to minimise the dangers of the situation, I had from the first taken a grave view of its possibilities, unless a satisfactory understanding on some basis or other was arrived at between the Greek and Turkish Governments in respect of the islands of Scio and Mitylene. The Grand Vizier had not committed himself recently the question of the islands, and since the decision of the Powers had been given I had nothing to say on the subject. In my opinion, however, this was a question which could not satisfactorily be decided by the Powers alone and must in the end form the subject of an amicable agreement between the two countries directly interested, otherwise the interests of both would suffer, and the longer the question remained open the more dangerous would it become.

M. Panas observed that the position would be no easier when the Turkish warships arrived in these waters.

I said that the Grand Vizier had always assured me that the Turkish Government had been tenacious of going to war with Greece, and had told me many times that he was determined to arrive at a friendly understanding.

While questioning the sincerity of the Government's intentions, I cannot, however, conceal from myself the fact that should it prove that the Greek Government absolutely set their face against any acceptable indemnification of the *status quo*, a situation might arise which would render difficult the preservation of peace, unless all the Powers were agreed to intervene by force. Even in that event outstanding questions would not be finally settled between the two countries, nor would the position of the Greeks, who number some 3,000,000 or 4,000,000 throughout the Empire, be improved.

I have, &c.
LOUIS MALLET

[18024] No. 56.

Sir L. Mallet to Sir Edward Grey.—(Received April 24.)

(No. 257.)
(Telegraphic.) *Constantinople, April 24, 1914.*

YOUR telegram No. 209 of 23rd April.

As D'Arcy's application and our support were based on the argument that the German contract was annulled—a position which we and the Turkish Government have consistently upheld for years past—we should completely stultify ourselves by suggesting or recommending a course favoured by the Deutsche Bank, and it might even be dangerous to do so.

The German Embassy are constantly referring to their rights under this contract of 1904, but I have always replied by reminding them that His Majesty's Government and the Porte consider that the 1904 contract has lapsed and that the promise to D'Arcy holds the field.

In any case the concession to the Turkish Petroleum Company could not be based on the German contract and on the promise to D'Arcy as Greenway recommends.

It must be remembered that the concession was originally given to the Civil List,

who contracted to work it with the Germans in 1904. This contract was, however, annulled in two notes from the Civil List in 1907. It was then promised to D'Arcy.

In 1908 the concession, which still existed as such, was transferred to the Ministry of Finance, who own it to-day, so that the natural procedure would be to transfer it bodily to the Turkish Petroleum Company. This would be a fair compromise for the Deutsche Bank to accept, if the Turkish proposal be found impracticable. I did, indeed, suggest it to the Grand Vizier, but he argued that the concession had been illegal throughout, and that, in order to avoid complications with other countries, they must work according to the Mining Law. If however, they really work under the Mining Law, they cannot legally avoid revival of old "permis de recherche" such as Tatsan Pasha's, in which Mavrettas were interested; nor can they refuse Grand Vizier's "permis" to other applicants. I have pointed this out to the Grand Vizier more than once, and his answers have not been altogether satisfactory.

German Chargé d'Affaires has however, suggested that a secret undertaking should be given not to grant "permis" to other companies, and I am only case we have agreed to await the communication of a promised list of Government wells which may prove to be exhaustive. In the meantime I think it will be better not to commit ourselves to any particular course nor will it be possible to see the matter through in a great hurry.

18025] No. 57.

Sir L. Mallet to Sir Edward Grey.—(Received April 24.)

No. 258.)
(Telegraphic.) *Constantinople, April 24, 1914.*

MY telegram No. 256 of 23rd April answers your telegrams Nos. 209 and 208 of 22nd April. Before acting on any further instructions I venture to point out the following considerations:—

The Grand Vizier was quite categorical in his refusal to the three Turkish Government negotiators with Italy by taking any further obligations to Smyrna Company.

He laid stress on his determination not to be hurried over islands negotiations, which are naturally of great importance to them. I do not see how we can expect them to give us breaking respecting guarantees and frontiers before they have even granted concessions upon questions with Italy, which I understand from Grand Vizier is not the case yet.

He said that he had not been sure of agreement, which was being struck by the admission.

In the circumstances I see the use of addressing a further communication to Government almost exactly similar to your one of 6th April, copy of which was sent by post to-day, and repeating threats of therein.

In case we will now appear to be trying to carry out threat and postpone signature of new proposals until a satisfactory arrangement is concluded, if we are really desirous of settling on this new condition.

I should have thought it would have been better for us to have modified article risen up in paragraph 7 of memorandum of 30th March.

[18189] No. 58.

Prince Lichnowsky to Sir Edward Grey.—(Received April 25.)

(Translation.)
Your Excellency, *German Embassy, April 24, 1914.*

THE draft of an Anglo-German Treaty of the 21st April 1911 contains a new article (article 9). The Imperial Government are in agreement with this article in principle. In view, however, of the fact that the conclusion of the definitive agreement between the Smyrna-Aidin Railway, on the one hand, and the Anatolian and Bagdad Railways, on the other hand, may not take place for a little while, they would like to propose that the article should run

"Take note of the heads of proposed agreement initialled on the 28th March, 1914, agree to these heads forming the basis of an agreement to be concluded between

O

PUBLIC RECORD OFFICE, LONDON

the English and German companies concerned, and, so far as they are concerned, undertake to uphold such agreement when concluded."

I should be grateful if your Excellency would be so good as to inform me whether this wording of article 9 is accepted by His Majesty's Government

I have, &c.
LICHNOWSKY

[18123] No. 59

India Office to Foreign Office.—(Received April 25.)

India Office, April 24, 1914

SIR,

WITH reference to your letter of the 20th April 1914 as to other negotiations between Ibn Saud and the Ottoman Government and other cognate subjects, I am directed by the Secretary of State for India to inform you that he concurs in the terms of the telegraphic instructions which it is proposed to address to His Majesty's Ambassador at Constantinople.

Copy of a telegram which has been despatched to the Government of India on the subject is enclosed for the information of the Secretary of State for Foreign Affairs. Copy of a further telegram from the Viceroy, dated the 22nd April, is also enclosed.

I am, &c.
T. W. HOLDERNESS.

Enclosure 1 in No. 59.

Government of India to the Marquess of Crewe.

April 22, 1914

(Telegraphic.) P.

IBN SAUD.

Please refer to my telegram dated the 2nd instant.

Telegram received from Political Resident states that according to reports from political agents at Bahrein and Koweit Ibn Saud started from Kuft on the 16th, proceeding partly by land, for Koweit whither Seyyid Talib with Bimbashi Omar Fauzi and the chief of staff Bigdad, is coming to meet him, probably on the 22nd or later date. The chief of staff is bringing a Turkish decoration for the Sheikh of Koweit. News from Basra corroborates above reports.

With reference to the recent situation dated the 9th March, it is important to us that we should know (before direct negotiations are entered on) if that is possible whether Ottoman Government have given His Majesty's Government satisfactory assurances that terms of settlement will not prejudice Great Britain's interests in Gulf, and if they have not, whether it is permissible to take action informally through Sheikh of Koweit or other person, officer on the spot in order to secure what we want. We are somewhat doubtful of Turkish intentions in this connection seeing how unwilling they are to get direct negotiations put through.

Enclosure 2 in No. 59.

The Marquess of Crewe to Government of India.

India Office, April 23, 1914

(Telegraphic.) P.

IBN SAUD.

Following is with reference to your telegrams dated the 9th, 11th, and 22nd April.—

Sir P. Cox will be able to tell you of character of reception of memorandum handed to Hakki 9th ultimo. In London no more has happened, but at Constantinople His Majesty's Ambassador has made His Majesty's Government's readiness to offer mediation and freedom from ulterior motives plain to the Minister of the Interior. Latter replied that the Turks are very hopeful of reaching a settlement themselves, and His Majesty's Government are, for reasons of general policy, unwilling to press offer of mediation until Turks ask for it. Reasons alluded to are explained by Foreign

Office letter of the 1st instant (copy by weekly letter of the 3rd), and the only consideration that led me to acquiesce was that Turks were understood to be using persons in whom His Majesty's Government place so much confidence as Sheikhs of Koweit and Mohammerah as channel for approaching Ibn Saud. If this consideration is not a fact, we will consider situation further. Instructions are being sent to Ambassador at Constantinople to enquire there how negotiations are progressing, and also to inform Ottoman Government that it has for some time been the intention of His Majesty's Government to decorate Sheikh of Koweit, but that they put off doing so till agreement should be published, he is instructed to express the view that in this respect the action of the two Governments should be the same.

There is no objection to Sheikh being informed of the four requirements of Great Britain stated in memorandum to Hakki Pasha.

[18193] No. 60

Sir L. Mallet to Sir Edward Grey. (Received April 26.)

No. 240.)
(Telegraphic.) R.

Constantinople, April 27, 1914

IBN SAUD and El Hassa.

Following from His Majesty's representative at Basra, dated 23rd April:

"Your telegram No. 25.

Talib says he knows that no arrangement is being made, but he is in communication with his party, who are considering what terms to make in respect of Hasa. He says he has not yet communicated with Ibn Saud, who is awaiting instructions from Constantinople.

According to information from other sources Talib has already been told to make best arrangement he can, and is in communication with Ibn Saud through Sheikh of Koweit. I hear also that Ibn Saud is expected in Koweit to-day or to-morrow, and that Talib is awaiting the Sheikh's steamer in order to proceed to Koweit with commissariat and escort." My telegram No. 28, and make arrangements accordingly.

'(Sent to Constantinople, repeat Talib's share.)'

18195] No. 61

Sir L. Mallet to Sir Edward Grey.—(Received April 26.)

No. 250.)
(Telegraphic.) *Constantinople, April 25, 1914*

YOUR telegram No. 205 of 22nd April. Ibn Saud's overtures to Sheikh of Koweit.

I should not be surprised if the Grand Vizier's intimation to me possibly to conversation may be in connection with Ibn Saud's overtures as mentioned in my telegram No. 249. Any opportunity would be welcomed by Ottoman Government for detaching Koweit Sheikh from Ibn Saud, but I doubt if Turkish Government would be prepared to go to extreme length of publicly casting the latter overboard. Any attempt to do so would be too frequent a repetition of previous attempts to detach Ibn Saud.

My telegram No. 253 of 24th April and Basra telegram of 23rd April repeated to you immediately preceding telegram of to-day look as if something was going on, but I will not lose opportunity of pressing Talaat Bey, which would be preferable to questioning the Grand Vizier.

18024] No. 62

Sir Edward Grey to Sir L. Mallet.

No. 212.)
(Telegraphic.)

Foreign Office, April 25, 1914.

YOUR telegram No. 237 of 24th April. Mesopotamia and Koweit.

I have informed Greene way of your observations respecting 1901 convention and Grey's necessary assent. I agree that await result of Government's visit, but it is very desirable that there should not be undue delay, and especially as for Turkey, as both customs increase (see my note of 20th July to Turkish Ambassador) and Capitulations cannot be enforced until concession is finally granted.

[17871]

No. 63.

Sir Edward Grey to Hakki Pasha.

SIR E. GREY presents his compliments to Hakki Pasha, and has the honour to state that His Majesty's Government are much concerned by the great delay and serious difficulties which have supervened in regard to certain important points under negotiation with his Highness.

Many [illegible] ago Sir E. Grey was given to understand that the text of two articles regarding irrigation works in Mesopotamia had been agreed upon, and that his Highness [illegible] to refer it to Constantinople in view of the explicit [illegible] Sir E. Grey [illegible] that when, after a considerable lapse of time, his Highness did at length submit the text to the Ottoman Government, [illegible] were suggested [illegible] to Hakki [illegible] His Majesty's Government [illegible] very unsatisfactory. In view of [illegible] the negotiations [illegible] Sir E. Grey trusts that Hakki Pasha [illegible] by telegraph [illegible] proposals which are [illegible] the text of the articles as originally drawn up [illegible] his Highness, [illegible] the requirements of the Ottoman Government so far as [illegible] practicable.

[illegible] negotiation which is causing His Majesty's Government much preoccupation [illegible] the Smyrna–Aidin Railway. [illegible]

[illegible] interests have been vitally [illegible] Sir E. Grey [illegible] Hakki Pasha [illegible] Constantinople and from the [illegible] that the Ottoman Government [illegible] the gravity of the situation.

In the first place [illegible] the company in respect of the terminal [illegible] the company's [illegible] Hakki Pasha is fully aware of the [illegible] of the company's position [illegible] His Majesty's Government [illegible] the Smyrna–Aidin Company [illegible] twenty years [illegible] legal expenditure and [illegible] railway can be run if its [illegible] the alternative [illegible] liable to [illegible] claims of the nature in question.

In the circumstances [illegible] His Majesty's Government feel bound to press [illegible] should be embodied in the new convention with the company indemnifying [illegible] against any claims in respect of their terminal property, and making the Ottoman Government, who are in equity [illegible] in respect of such claims, liable in fact.

In the second place, the negotiation respecting the line from Aidin to Bulcour is [illegible] unsatisfactory condition. His Majesty's Government hold [illegible] the opinion [illegible] is based upon high legal advice and upon the history of the negotiations of 1906, that, by the terms of the convention signed in 1906 the Smyrna–Aidin Company have the right to [illegible] line which may be determined upon from Aidin [illegible] a point adjacent thereto, and especially so if the line is built [illegible] northerly direction [illegible] they hold that the company are entitled to terms at least equally advantageous as those which may be offered to third parties. The Ottoman Government have asked the company, through his Highness Hakki Pasha, to [illegible] the line, but as it cannot be built without a

guarantee, owing to engineering difficulties—and this is the dominating factor in the situation—the company could not accede to the request of the Ottoman Government, who have persistently shut their eyes to those difficulties and thus rendered any useful negotiations impracticable.

Moreover, notwithstanding the fact that the Smyrna–Aidin Company was in a strong position, His Majesty's Government, in deference to the wishes of the Ottoman Government, again expressed through his Highness Hakki Pasha, have exercised considerable pressure upon the directors in order to induce them to [illegible] with the Italian parties interested in railway projects in this part of Asia Minor. The company, in deference to the representations of His Majesty's Government, have entered upon [illegible] and very costly negotiations with Signor Nogara, acting on behalf of the Italian [illegible] that [illegible] the Ottoman Government [illegible] dissatisfied and [illegible] of accepting a different solution, which would afford no [illegible]

The facts [illegible] as follows:—

His Majesty's Government [illegible] negotiations [illegible] with a view [illegible] Sir E. Grey [illegible] the company's vital interests are [illegible] explicit [illegible] safeguarded [illegible] The first point [illegible] has already been dealt with. As to the second point, the requirements of His Majesty's Government are as follows:—

1. If [illegible] Aidin, or from any [illegible] the Smyrna–Aidin Company should [illegible]

2. [illegible] the Ottoman Government that [illegible] from Aidin [illegible]

His Majesty's Government have carefully [illegible] railway experts, and they are satisfied that [illegible] that the essential interests of the Smyrna–Aidin Railway Company can be fairly [illegible] arranged [illegible] constitute.

In conclusion, Sir E. Grey would express to Hakki Pasha the earnest hope that [illegible] negotiations may be speedily concluded [illegible] that the Ottoman Government may not further delay such a consummation by refusing to meet His Majesty's Government on the above subjects.

Foreign Office, April 25, 1911.

18252.

No. 64.

Sir L. Mallet to Sir Edward Grey.—(Received April 27.)

(No. 247.)

Constantinople, April 21, 1911.

Sir,

I TRANSMIT herewith a report by Lieutenant-Colonel Cunliffe Owen on military [illegible] in this country.*

Herr von Mutius, speaking in confidence this morning, told me that the German [illegible] officers reported that the army was in a deplorable condition, and would be quite unfit

* Not printed.

to undertake a serious campaign for some years to come He said that Enver Pasha was himself convinced of the necessity of preserving peace.

These remarks were made in connection with a discussion as to whether the Turkish Government were likely to go to war if no settlement were come to with regard to the islands of Scio and Mitylene

Herr von Mutius thought that, if in process of time the Turks were unable to obtain some modification of the present situation by way of negotiation, naval operations might be undertaken, but he did not apparently contemplate the extension of hostilities to the mainland.

He said that he had heard a rumour that the Greek Government intended to attack the Sultan's yacht on its way out, but that he did not attach any importance to it as such action would put the Greek Government in the wrong.

I have, &c.
LOUIS MALLET

[18483] No. 65

Sir L. Mallet to Sir Edward Grey.—(Received April 27.)

(No. 262.)
(Telegraphic.) *Constantinople, April 27, 1914*

YOUR telegram No. 215 of 25th April. Pecuniary claims.

The Turkish attitude seems to me unduly cautious in view of the fact that the nature of the agreement will prevent the Turks from being able to pay our respective claims.

If the new proposal advises, as it would appear to be, postponement of beginning our mutual transfers of securities until after the expiration of six months, it would hardly be to our advantage further still to postpone the date at which definite settlement must be arrived at between the principles are actually transacted.

Otherwise I see no objection to the proposed course provided that it is clear that no claim on the present basis will be accepted unless the Turkish Government have satisfied Your Majesty's Government themselves wish to withdraw at before the securities are finally drawn up.

The French Ambassador tells me that Vilna and Ivry-sur-Seine shares will not be referred to arbitration under their agreement.

I must have misunderstood scope of their agreement as much narrower than ours.

We have no financial hold to [sic] Turkish Government and should take this opportunity of disposing of as many shares as possible.

[18025] No. 66.

Sir Edward Grey to Sir L. Mallet

(No. 214.)
(Telegraphic.) R. *Foreign Office, April 27, 1914*

SMYRNA AIDIN negotiations.

Your Excellency's telegrams Nos. 250 of 23rd April and 258 of 24th April confirm impression I already gained that Turkish Government is not accurately informed of discussions with Hakki Pasha. It seems extraordinary that Grand Vizier should be ignorant of the fact that negotiations between Hakki Pasha and Sir G. Nogara have actually been in progress here for considerable time, meetings having held almost daily. His admission that he has not yet seen Anglo-Italian Agreement, which was communicated to Hakki Pasha a month ago, seems to indicate that his information on the subject is very incomplete. This may also be due to misleading reports from Hakki. The real source or foundation will never be Prime Minister's allegations as to our attitude respecting Italo-Turkish relations. So far from our wishing to hurry Turkish Government over Islands negotiation we have been most careful to keep entirely aloof from that question, with which it is not our interest or desire to be directly mixed up.

We are not asking the Turkish Government to grant any concessions to the Italians. But it is quite clear they will before long come to an agreement with Nogara. It is essential that such agreement shall not be at our expense and our only safeguard against this danger lies in our obtaining definite and binding assurances that, if and when Italians obtain their railway concessions, the rights and very existence of the Smyrna-Aidin Company are guaranteed in the manner we have suggested. It was at the pressing instance of Turkey that the company has, under some pressure from this

Office, gone to great lengths to meet the Italians, and contracted tedious and very costly negotiations.

In refusing to sign monopolies agreement until satisfactory arrangement has been arrived at respecting Italian railways, we are introducing no new condition as we from the beginning insisted, as integral part of the bargain, on settlement of the Smyrna-Aidin Company's claims, which, owing to Italian schemes, are now intimately connected with these.

In order to make position quite clear I have now sent to Hakki Pasha a detailed memorandum, in treating precisely, our requirements and the reasons for them. Copy of this memorandum is going to you in Mr. Grey. When you have received it I should be glad if your Excellency would use the facts and arguments therein set forth in any further discussions with Grand Vizier.

[18724] No. 67

M. Nassif to Foreign Office.—(Received April 28.)

c/o Mr. Boxall, 64, Cornhill, London,
April 27, 1914.

SIR,

I HAVE the honour to submit herewith a statement giving a short history of the petroleum prospecting licences taken in Syria by the active group with whom I am largely interested and have the authority to deal for them.

In the enclosed it is shown how the applications with His Majesty's Government's assistance, I have brought back from New York the Deal Syrian to be taken by the Turkish Petroleum Company in London on the conditions discussed with them in 1912.

The Standard Oil Company were only given the seventh area chosen by them to the south-west of the Dead Sea. The conditions to extend their work to a great extent and have entered into a contract with Lloyd which I am to give them my assistance in future in taking up new areas and dealing for dealings with the Ottoman Government and the natives of the country against a yearly payment and certain percentage on the oil production. This agreement is at present opposed by my side.

A few days ago in the course of my interviews in London with the manager for Syria of the Standard Oil Company I mentioned to him that they would find their way to be on good relations with the British Government over work in Syria. We are the best supporters and I discussed how this enterprise suggested to me the company approach the British Government with a view of giving the first refusal on their field in Syria where it is produced. In this I suggested I go to their president in New York, but before taking such a step the matter I submit the case for your information.

I have &c.
S. NASSIF

Enclosure in No. 67.

Note on Petroleum Prospecting Licences in Syria.

THE areas for which licences were taken for prospecting for petroleum in Syria are the following (each area mentioned is about 7,000 acres):

(A.) *Six Licences for Areas lying to the South-east and South of Lake Tiberias.*

These were taken out in 1911 by a group of natives, mostly notables of Hauran, Damascus.

These licences, as well as the following licences (B) were offered to, examined and favourably reported upon by, the Oil Trust Company of London, but they never started drilling, for financial reasons. Subsequently, they were offered to a group consisting of Mr. Detending, the Deutsche Bank, and the National Bank of Turkey, who after studying the whole documents and position for almost three months formed the Turkish Petroleum Company for the purpose of taking them up. They secretly ceased negotiating for no reason known to us. In November 1912 they were offered to Mr. Boxall's group of London and they started drilling, which has reached to about 900 ft. in one well. They are now again the subject of negotiation with the Turkish Petroleum Company.

(B.) *Seven Licences for Areas lying on the Western Coast of the Dead Sea*

These were taken in 1911 by a group mostly consisting of notables of Jerusalem.

These were handled in the same way as licences (A) until 1912, when Mr Deterding's group ceased to negotiate. They were then offered to Mr Rushton of London, and reported upon favourably for him by Dr Wade, but did not start drilling for financial difficulties, and on the advice of Dr Wade the following licences were also taken

(C.)—*Nine Licences for Areas lying on the Eastern Coast of the Dead Sea*

These were taken by a Jerusalem group in 1913.

The above two English groups having failed to start work, an option on the Dead Sea areas (B) and (C) was subsequently given to the Standard Oil Company of New York for six months from October 1913. This company sent out their geologists and examined the district, and have chosen the following areas to start work upon at once, and requested the Jerusalem group to take licences for them. These areas are

(D.) *Seven Licences for Areas lying on the South-west of the Dead Sea*

Taken up by the Jerusalem group in 1914 for the Standard Oil Company of New York.

The Standard Oil Company being unwilling to start work on all the twenty-three areas, and drilling one well in each area each year for the first three years, as provided in their first option, they asked to be given an option for the areas D on which they could start work at once, and desired that the holders of licences (B) and (C) to retain them against a monetary remuneration, this necessitating my departure with Ismail Beyli Hassey, one of Jerusalem group, to New York. Being informed by Mr Weakly of the English Embassy at Constantinople that his desire was to find for an English group to take these areas, and whilst in New York I was cabled to that Mr Deterding's group were prepared to take over these areas on the terms formerly discussed. I therefore concluded with the Standard Oil Company a contract for the seven areas they had picked upon, and released to meet their request with regard to licences (B) and (C) and came over to London to conclude a contract for them.

As Mr Boxall's group are desirous of forming a stronger group to complete the work, and as I am a trustee with Mr Boxall for these licences, I approached the Turkish Petroleum Company to take these areas as well, and are now negotiating with them for all areas included in (A), (B), and (C), as well as for the three following areas —

(E.)—*Three Licences for Areas in the Village of Damascus.*

Taken by some members of the Hejaz Damascus group.

These licences are now offered to the Turkish Petroleum Company as above mentioned.

Resume

The disposition of the above thirty-two licences is at present —

Seven in the hands of the Standard Oil Company.

Twenty-five the subject of a contract to be entered into with the Turkish Petroleum Company.

The attached map* shows approximately the position of these areas.

* Not reproduced.

[18725] No. 68.

Board of Trade to Foreign Office. (Received April 28.)

Sir, *Board of Trade, April 28, 1914.*

WITH reference to your letter of the 9th April, on the subject of articles 5 and 6 of the Anglo-Turkish Convention respecting monopolies, &c., I am directed by the Board of Trade to state, for Sir E. Grey's information, that they have been in communication with Messrs. S. Pearson and Son (Limited) and Sir John Jackson (Limited), who are now acting in co-operation in this matter, on the subject of the proposals contained in the original British draft and the Turkish counter-draft of article 6.

The firms point out that the tenders called for in April 1912 did not embrace all the works covered by paragraphs 8–14 and 19 of Sir William Willcocks' report, although the report treated those works as forming part of a single system. The Board understand that the omissions were mainly in respect of canals leading out from the barrages &c., mentioned in the works for which tenders were invited. The firms therefore urge that article 6 should be made applicable to the works covered by the paragraphs of Sir W. Willcocks' report not included in the tenders, but the Board doubt the possibility of so enlarging the scope or extent of the article at the present time.

The proposals which in the Turkish counter-draft as to responsibility for defects in the work are, in their present form, quite unacceptable to the firms and are, the Board's opinion, quite unreasonable. The Board are instructed, however, that the article as last prepared by the Turkish Government and is now forming the subject of discussions between that Government and the two British firms, these proposals have been modified and the responsibility to be assumed by the contractors limited to defects arising from bad construction or from faulty design imposed as against the latter, that the contractors shall be given a chance to suggest alterations and shall not be responsible in cases where such suggestions have not been accepted.

Further, but the firms concerned would prefer the proposals as to arbitration originally put forward by His Majesty's Government, though they do not consider it necessary to insist on His Majesty's Government participating in the arbitration so long as the nominee of the two British arbitrators should the Turkish Government raise strong objection thereto.

The Board concur with Messrs. Pearson and Sir John Jackson in striking out the exclusion in the second paragraph of article 6 of the words "consular fees or concessions not subject to progressive exactitudes," and the omission from the next paragraph of all reference to those conditions as a ground of arbitration, to be open to strong objection, and they think that every effort should be made to retain the arbitration proposals originally put forward by His Majesty's Government. They do not think that the words "consular fees" should be omitted from the second paragraph, which would be interpreted to cover the conditions of the contracts would be included in the third paragraph as one of the matters for arbitration.

Finally, I am to suggest that the obligation of the Turkish Government to act on the arbitration award in a favourable form, should extend to the whole of the works to which the article relates, and not merely to a part thereof, as proposed at the end of the third paragraph of the Turkish counter-draft.

I am to enclose for Sir E. Grey's consideration, copy of a revised form of the Turkish counter draft of article 6, which would be most acceptable to the firms, and which, in the circumstances, the Board think might be submitted to the Turkish Government. The Board have, however some doubt whether, at the present stage of the negotiations, Hakki Pasha is likely to accept the proposal to extend the scope of the first paragraph of the article, and in the event of his raising objection they are disposed to think that this particular point should not be pressed.

I am, &c.

GEO. J. STANLEY.

Enclosure in No. 68.

Revised Form of Turkish Counter-draft

Article 5. The Imperial Ottoman Government will invite publicly and impartially tenders for the works of irrigation in Mesopotamia which are not included in the

category of the works which form the object of the following article. The execution of the said works will be awarded to the tenderer who shall put forward the proposal most advantageous to the Imperial Ottoman Government.

Article 6.—In the event of the Imperial Ottoman Government electing to put up to adjudication the sections of the works of irrigation in Mesopotamia set out in paragraphs 8, 9, 10, 11, 12, 13, 14, and 19 of Sir William Willcocks' report, the adjudication thereof will be limited to the English firms which alone have submitted tenders at the putting up for adjudication in the month of April 1912, excluding the works appertaining to the Hindieh system completed at the present time. It is expressly understood that, in case the tenderers must submit reasonable prices, and assume during the whole period of the works, and up to the expiration of the second year from the date of the provisional reception, the responsibility for the works that are executed by them, and which may perish wholly or in part, either from bad construction or by reason of faults in design, provided they shall have been given sufficient time to suggest modifications, and that they shall not be responsible for works of art where their modifications are not adopted. They must also agree with the Imperial Government on a calculation assuring the exact cost of the works to be duly executed.

If, for the putting up to adjudication and within a brief period, the said firms have not put forward requirements the Imperial Ottoman Government will be freed from the obligation to submit to the adjudication of the works in question.

Any differences which may arise between the Imperial Ottoman Government and the contractor of the said firms concerning the extent of the works stated in the first paragraph of the present article, the adjudication, the acceptability of the prices, the conditions of the contract or their execution, will be submitted to a Court of Arbitration, constituted as follows:—

His Britannic Majesty's Government, acting for the firms interested, and the Imperial Ottoman Government will each nominate two persons of high reputation possessing the necessary technical qualities to deal with the questions in dispute. As a fifth there will be associated with these four persons a lawyer of the highest capacity and of irreproachable character, nominated by agreement by His Britannic Majesty's Government and the Imperial Ottoman Government. In default of agreement, the two Governments will ask Her Majesty the Queen of the Netherlands to appoint the fifth.

The tribunal will decide unanimously or by majority the procedure to be followed.

Unless at the option of the Government adjudication or has, if necessary, had recourse to the aforesaid arbitrator, the Imperial Ottoman Government undertakes not to grant, except to the one or the other of the said English firms, a concession for the whole or any part of the sections mentioned above.

[18749.] No. 69.

Sir L. Mallet to Sir Edward Grey.—(Received April 28.)

(No. 261.) *Constantinople, April 28, 1914.*

(Telegraphic.) R.

YOUR telegram No. 214 of 17th April. Smyrna-Aidin Railway.

I have just spent an hour with Talaat Bey and President of the Council of State, and have urged it on to give us required assurances.

They were both inclined to do so. I hope to be able to report further to-morrow morning.

[18785] No. 70.

Sir L. Mallet to Sir Edward Grey.—(Received April 29.)

(No. 270.) *Constantinople, April 23, 1914.*

Sir,

I HAVE the honour to transmit to you herewith copy of a circular addressed by the Porte to the missions of the Powers represented on the International Financial Commission which sat in Paris from the 17th June to the 18th July last, urging the reassembly of the Commission to decide upon the share of the Ottoman Public Debt which should be taken over by the Balkan States by reason of their territorial acquisitions.

Annexed to the circular is a table* prepared in collaboration with the Public Debt Administration showing the shares of each State calculated according to the principles laid down by the Turkish delegation at Paris, viz. system of specialisation of revenue for the bonds and pre-war loans, and Treasury bills guaranteed by special revenues, and system of proportionality for general debts and liabilities. The Ottoman total arrived at, excluding Treasury bills and floating debt, is £T 10,818,555, and deducting, moreover, the ad valorem customs surtax amounting to £T 2,755,000.

I have, &c.
(For the Ambassador)
CHARLES MALLET.

Enclosure in No. 70.

Circular Note verbale.

LE Ministère Impérial des Affaires Etrangères a l'honneur de porter à la connaissance de l'Ambassade de Sa Majesté Britannique ce qui suit:

Ainsi que l'Ambassade Impériale de Sa Majesté Britannique a bien voulu le reconnaître dans sa note du 30 mai dernier, la Commission financière, qui a siégé à Paris du 17 juin au 18 juillet dernier, a été convoquée dans le but de discuter, pendant la durée de ses travaux, les questions relatives à la répartition entre les différents États issus des guerres balkaniques de la part incombant à chacun d'eux dans la Dette publique ottomane.

Cette Commission, qui n'a pu, pour diverses raisons, mener à bien la tâche qui lui était dévolue, a été appelée à se réunir à nouveau, à la demande de la Sublime Porte, dans le courant du mois d'avril.

Le Gouvernement Impérial, désirant ardemment voir aboutir cette question, qui intéresse au plus haut point les finances ottomanes, a donné à ses délégués à la Commission de Paris des instructions conformes à l'esprit de conciliation qui a présidé à ses travaux précédents.

Il a, en outre, chargé ses délégués de faire tout leur possible pour arriver à un accord définitif sur la base des propositions qu'ils avaient déjà présentées à la Commission.

Le Gouvernement Impérial espère que, de son côté, le Gouvernement Britannique voudra bien donner à ses délégués des instructions dans le même sens, afin que la Commission puisse reprendre ses travaux et les mener à bonne fin dans le plus bref délai possible.

Le Gouvernement Impérial, se basant sur les principes d'après lesquels la répartition a été faite lors de la cession de Chypre à l'Angleterre, de la Tunisie à la France, de la Bosnie-Herzégovine à l'Autriche-Hongrie, de la Crète à la Grèce et de la Serbie et de la Bulgarie à leurs souverains respectifs, a établi les bases suivantes, qui, à son avis, devraient servir de point de départ aux délibérations de la Commission:

Le Gouvernement Impérial, se basant sur les principes d'après lesquels la répartition a été faite lors de la cession de Chypre à l'Angleterre, de la Tunisie à la France, de la Bosnie-Herzégovine à l'Autriche-Hongrie, de la Crète à la Grèce et de la Serbie et de la Bulgarie à leurs souverains respectifs, a établi les bases suivantes, qui, à son avis, devraient servir de point de départ aux délibérations de la Commission:

Il n'est fait aucune mention des engagements antérieurs aux hostilités que le Gouvernement Impérial n'a pas mis en cause dans les traités définitifs de paix qu'il a conclus avec la Bulgarie, la Grèce et la Serbie, les laissant spécifiquement à la charge de ces Puissances.

Il ne pas a invoqué la Commission financière a dû prendre à sa charge les engagements pris, à titre d'intérêts ou de garantie, par le Gouvernement Impérial ottoman pour le compte ou en faveur des États cédés ou des gouvernements qui les assument.

* Not printed.

Le Gouvernement Impérial a déjà établi, sur la base des travaux préparatoires du Comité de la Dette, le montant global en capital de la part de la dette publique ottomane qui doit être supportée par les États balkaniques. Il a fait, conjointement avec l'Administration de la Dette publique ottomane, la répartition de cette part d'après les nouvelles frontières entre chacun de ces États.

Ci-joint se trouve le tableau dressé à ce sujet (voir annexe *).

Le Gouvernement Impérial, qui tient à honneur de continuer, au prix des plus grands sacrifices, le service intégral de la dette publique de toute catégorie, est vivement préoccupé d'assurer l'exécution des obligations que le droit international met à la charge des États balkaniques.

Aussi demande-t-il instamment que la Commission précitée soit invitée au plus tôt à reprendre ses travaux en vue de garantir tous les intérêts en jeu, de dégrever le Trésor ottoman des charges qu'il est injuste de laisser peser sur lui, et de respecter ainsi les droits acquis des porteurs de la dette publique ottomane.

Le Ministère Impérial prie donc l'Ambassade britannique de vouloir bien porter ce qui précède à la connaissance de son Gouvernement.

Sublime Porte, le 21 avril, 1914.

[18559] No. 71

Sir L. Mallet to Sir Edward Grey.— Received April 28.

(No. 273.)

Sir, *Constantinople, April 24*, 1914.

WITH reference to my telegram No. 241 of the 17th and to your telegram No. 209 of the 23rd instant, I have the honour to enclose herein the text of the communication which I addressed to his Highness the Grand Vizier on the 16th instant relative to the views held by His Majesty's Government respecting the guarantees which the Smyrna-Aidin Railway Company should receive.

I have, &c.
LOUIS MALLET.

Enclosure in No. 71

Sir L. Mallet to Grand Vizier.

Altesse, *Constantinople le 16 avril*, 1914.

PAR l'ordre de Sir Edward Grey, j'ai l'honneur d'informer votre Altesse que le Gouvernement de Sa Majesté Britannique se verra forcé de refuser son consentement au système de monopoles projeté dans l'Empire ottoman, à moins que le Gouvernement ottoman ne s'engage formellement à ne pas octroyer aucune concession pour une ligne de chemin de fer partant d'Adana vers le nord, à moins que, et jusqu'à ce que, des garanties ou autres facilités financières suffisantes telles que la franchise de droits douaniers n'aient accordées à la compagnie britannique.

Sir Edward Grey ajoute que jusqu'à ce que cette question soit reglée, il sera inutile de poursuivre les négociations à Londres.

Agreez, &c.
LOUIS MALLET.

[18874] No. 72

India Office to Foreign Office (Received April 29.)

Sir, *India Office, April 28*, 1914.

I AM directed by the Secretary of State for India to transmit to you, for the information of the Secretary of State for Foreign Affairs, copy of certain papers on the subject of Ibn Saud.

I am, &c.
T. W. HOLDERNESS.

---

* Not printed.

Enclosure 1 in No. 72

Major Knox to the Government of India.

Sir, *Bushire, March 20*, 1914.

I HAVE the honour to forward for the information of the Government of India, a copy of the letter dated the 21st March, 1914, which has been received from the political agent at Bahrein, giving cover to the communication made to Ibn Saud in pursuance of the instructions conveyed in your telegram dated the 17th March, 1914.

2. His Majesty's consul at Basra has been requested kindly to keep this Residency informed of any movements of troops, news of which will at once be telegraphed.

I have, &c.
S. G. KNOX, *Major*,
Officiating Political Resident in the Persian Gulf.

Enclosure 2 in No. 72

Major Trevor to Major Knox.

Bahrein, March 21, 1914.

WITH reference to your office endorsement dated the 8th March 1914 which was delivered to me early this morning by the officer commanding R.I.M.S. "Lawrence," I have the honour to forward herewith, for your information, a copy of a letter which I have addressed to Sheikh Abdul Aziz-ibn-Saud and have this day handed to his agent in Bahrein with the request that it may be despatched by express messenger as quickly as possible.

The telegram is not quite clear as to whether it is intended to repeat to Ibn Saud the intimation given to the Turkish Government regarding Bahrein. I have stressed this point when I last interviewed Ibn Saud in December last, but as I reported at the time it did not make much impression on him. In fact, from his point of view I do not think it amounts to much having regard to the frequent visits of the "Marmaris" to Qatar, and the ease with which a flotilla of native boats could be conveyed direct from Basra in the fair season. In the circumstances therefore, I have not mentioned it again.

Enclosure 3 in No. 72

Major Trevor to the Amir of Nejd.

IN continuation of my letter of the 15th Rabi II 1332 (17th March, 1914), and in reply to your letter of the 1st Rabi II, 1332 (20th February, 1914), I have received instructions to inform you that endeavours are being made by the High British Government to effect an arrangement with the Turkish Government, and discussions are in progress. It would therefore not be advisable for you to take independent action in the matter.

I hope you are enjoying good health. This is what had to be said, and I pray you be preserved, and salaam.

[18940] No. 73

Sir L. Mallet to Sir Edward Grey. Received April 29.)

(No. 268.
(Telegraphic.) R. *Constantinople April 29*, 1914.

FOLLOWING from Basra No. 27 of 27th April:—

"My telegram No. 30.

"I have seen Vali to-day, who has just returned from his interview with Ibn Rashid at Mushtaie. He confirmed the information that I had received that Talal was about to go to Kuweit to try to make an amicable settlement with Ibn Saud as instructed by Constantinople.

"Sheikh of Kuweit's steamer arrived here some days ago, and Commission will

probably leave soon. In view of misleading reports in press I took an opportunity to remind Vali that our policy was to do our best to maintain integrity of Turkish Empire, and we should be glad to hear that Hussa question had been satisfactorily settled.

"Vali said he quite appreciated this point of view, which was in accordance with his information from Constantinople.

"Sent to Embassy, repeated to Bushire.)"

[19116] No. 74.

Sir L. Mallet to Sir Edward Grey.—Received April 30.)

(No. 240.)
(Telegraphic.) R. *Constantinople, April 30, 1914.*

MY telegram No. 203 of 27th April.

I have seen Talaat Bey, who told me that he had given the strongest orders for the cessation of Greek emigration, and had himself visited many of the Greek villages and reassured the inhabitants. I said that I was not surprised at urging that emigration should not be totally stopped, but that it should be properly regulated and not carried out with the disastrous consequences which the ill treatment of Ottoman Greeks would inevitably have in exasperating the Greek Government and by causing heavy economic loss to Turkey, besides producing a bad impression on European opinion.

He said that he fully realised these considerations, and it was resolved that emigration should cease. It must not be forgotten, however, that thousands of Moslems are coming from Macedonia who were driven from Greece and Servia.

[19124] No. 75.

Sir L. Mallet to Sir Edward Grey. (Received April 30.)

(No. 271.)
(Telegraphic.) R. *Constantinople, April 30, 1914.*

MY telegram No. 204 of 28th April.

Difficulties have arisen in the Council of Ministers, who decided yesterday to instruct Hakki Pasha to say that Government would give an assurance not to build line for ten years. I told President of the Council of State that I had just received memorandum of 25th April given to Hakki Pasha, which I read out to him. I said that it was clear to me that His Majesty's Government were in earnest in this matter, and that it would be quite useless to trifle with them any longer by instructing Hakki in the sense proposed. He said that they would never have instructed Hakki to approach British company if they had anticipated present demand, which meant that they would have to give guarantee to Italy and Germany for Konia-Esk. Shehr Line, a very hard condition for a country in such a financial position. I replied that, if they were prepared to give an assurance that they would not build line for ten years, there would be no difficulty in giving us an assurance that, if they did build it they would give guarantee and comply with the other conditions.

I saw Minister of Finance. He was very stiff, but finally said it would make it more easy if a maximum guarantee could be fixed. I see that £10,000 per annum as mentioned in your telegram No. 181 of 3rd April as representing customs immunity which the company would be prepared to accept in lieu of guarantees. If the company could state maximum, it would be better to mention a higher figure than that at which they would be prepared to accept. If it is possible to meet this suggestion, I hope I may have early answer.

[19124] No. 76.

Sir Edward Grey to Sir L. Mallet.

(No. 216. Confidential.)
(Telegraphic.) *Foreign Office, May 1, 1914.*

YOUR Excellency's telegram No. 271 of 30th April. Smyrna-Aidin Negotiations. Hakki Pasha has now started, *ad referendum*, to discuss Adalia line with company and has asked, as he is hampered and embarrassed by concurrent discussions

of his Government at Constantinople, that, for the present, negotiations may so far as possible be conducted through him. He is now most conciliatory, and I am anxious that he should be humoured so far as possible.

Points you mention will be taken into consideration.

[17078] No. 77.

Sir Edward Grey to Prince Lichnowsky.

(Confidential.)
Your Serene Highness, *Foreign Office, May 1, 1914.*

I HAVE the honour to acknowledge the receipt of your Serene Highness's note of the 10th ultimo respecting certain clauses of the draft Anglo-German Convention concerning the Bagdad Railway and the Gulf of Persian matters.

As your Serene Highness is aware, these points have been discussed with Herr von Kuhlmann, and a revised draft, dated the 21st April, has been agreed upon.

As regards point 1, His Majesty's Government agree.

As regards point 2, the word "convention" in article 9 is correct.

As regards point 3, His Majesty's Government trust that the views of the German Government will be met by deletion only of the words "not more than."

As regards point 4, His Majesty's Government agree to the proposals are proposed, provided that reference may be made in general terms only in the covering despatch to be published with the conventions to the course of debate in Parliament on the fact that similar negotiations have been made with Lord Inchcape and Mr. Lynch, who have now been informed of the wishes of the Deutsche Bank respecting the secrecy to be maintained as to such talks.

I note that your Serene Highness will make a further communication in respect to the article specified in the penultimate paragraph of your note, Herr von Kuhlmann has already been fully apprised of the strong objections entertained by His Majesty's Government in respect of that article.

In regard to the last sentence of your Serene Highness's note, I have to state that His Majesty's Government will be happy, if necessary, to inform the German Government, so far as they properly can, the support desired. His Majesty's Government, on their part, trust that the German Government will, if necessary, afford their similar support in securing an audience from the Ottoman Government to British interests of short lines to act as feeders for the river navigation of Mesopotamia.

I am &c.
E. GREY.

[18189] No. 78.

Sir Edward Grey to Prince Lichnowsky.

Your Excellency, *Foreign Office, May 1, 1914.*

I HAVE the honour to acknowledge the receipt of your Excellency's note of the 24th April in which you intimate that the German Government agree in principle to article 9 of the draft, dated the 21st April, of the proposed Anglo-German Convention, but, in view of the fact that there may be a little delay in concluding the definitive agreement between the Smyrna-Aidin Company and the Anatolian and Bagdad Railway Companies, you would like that the German Government would prefer a modification in the wording.

In reply, I have the honour to transmit herewith, in triplicate, the draft of the definitive agreement in question, and as there are few, if any, points of divergence likely to arise His Majesty's Government trust that it may be possible to sign it forthwith.

It would in any case be desirable, in the opinion of His Majesty's Government to attach either the 'proposed heads of agreement' or the definitive agreement to the convention as an annex, as there are technical objections to laying before Parliament a convention in which reference is made to another document not simultaneously published.

His Majesty's Government would accordingly prefer to adhere to the wording already suggested by them for article 9.

I have, &c.
E. GREY.

Enclosure in No 78

Draft Agreement.

AN AGREEMENT made the day of 1914 BETWEEN THE OTTOMAN RAILWAY COMPANY (hereinafter called "the English Company") of the one part and the ANATOLIAN RAILWAY COMPANY and the BAGDAD RAILWAY COMPANY (hereinafter called "the German Companies") of the other part WHEREAS the English Company and the German Companies are the Owners of certain railways within the dominions of the Ottoman Government AND WHEREAS the parties hereto have agreed to enter into the Agreements and stipulations hereinafter contained NOW THESE PRESENTS WITNESS that it is HEREBY MUTUALLY AGREED between the parties hereto as follows —

ARTICLE 1

The English Company and the German Companies will in Co-operation use their best endeavours to procure that the Ottoman Government

1. Shall grant to the English Company a concession to construct a railway from Karakouyou to Sandikly with the right for a period of ten years from the date of the signing of the said concession by the Ottoman Government to construct an extension of the said railway so as to form a junction with the railways of the German Companies at Afion Karahissar

2. Shall grant to the English Company a concession to construct a railway from a point on the east shore of Lake Eghirdir to a point on the north or north west shore of Lake Beyshehir north of the latitude of Kazak Agassy

3. Shall grant to the group which has undertaken the irrigation of the Plain of Konia a concession to construct a narrow gauge local railway, laid so far as possible along the irrigation dams, commencing at Tchoumra by a junction with the railway of the Bagdad Railway Company and terminating at Beyshehir which said local railway shall when constructed be worked by the Bagdad Railway Company.

4. Shall grant to the English Company the right to navigate Lake Eghirdir.

5. Shall grant to the English Company and to the German Companies upon and subject to the same terms conditions and stipulations in each case the right to navigate Lake Beyshehir so as not to impede interfere with or diminish any rights powers or privileges enjoyed at the date of the said grant in connection with the irrigation works deriving a supply of water from Lake Beyshehir

6. Shall in the event of the construction of a railway from Sandikly to a junction with the railways of the German Companies at Afion Karahissar give such guarantees to the English Company and the German Companies or either of them as may be desired by them for the protection of either or both of them by reason of the loss of or diversion of traffic from their respective railways by such railway and shall waive or modify in such manner and to such extent as may be desired by the German Companies the counter guarantee given by the German Companies in respect of traffic passing over the railway of the German Companies between Eskishehir and Konia

ARTICLE 2

The German Companies will not at any time offer any opposition direct or indirect to the construction by the English Company of a railway from Sandikly to a junction with the railways of the German Companies at Afion Karahissar.

ARTICLE 3

The German Companies will in the event of the construction of a railway from Sandikly to a junction with the railways of the German Companies at Afion Karahissar by the English Company the Ottoman Government or any other person or persons whatsoever enter into an Agreement with the English Companies which shall provide

(a) That the rates to be charged and the facilities to be afforded for the conveyance of traffic to and from all seaports from and to Afion Karahissar shall be the same under similar conditions and shall be determined by agreement between the parties hereto

(b) That the English Company and the German Companies shall afford to one another all due and reasonable facilities for the receipt forwarding conveyance and delivery of traffic of every description passing or destined to pass over such railway from or to places on their respective railways or beyond

ARTICLE 4

In the event of the English Company not having constructed the extension of the railway referred to in paragraph 2 of Article 1 hereof within the period of ten years referred to therein and declining thereafter upon the request of the Ottoman Government to construct such extension the Ottoman Government may itself construct such extension and in such case the English Company and the German Companies will co-operate to secure that the Ottoman Government shall indemnify the English Company for any loss or diversion of traffic sustained by the English Company by reason of the construction of and the working of traffic over such extension.

ARTICLE 5.

The railway referred to in paragraph 2 of Article 1 hereof will not be constructed south of the latitude of Kazak Adassy or to any point on the east shore of Lake Beyshehir and will not be constructed along or parallel to the north shore of Lake Beyshehir except in so far as it may be necessary in order to provide a convenient terminus on the said lake for the purposes of such railway and the traffic to be served thereby.

The railway referred to in paragraph 3 of Article 1 hereof will not be constructed north of the latitude of the town of Beyshehir or parallel to the south shore of Lake Beyshehir.

Provided nevertheless that the English Company and the German Companies may by agreement but not otherwise respectively construct extensions of the railways referred to herein so as to effect a junction between such railways at Manafer.

ARTICLE 6

The rates and charges to be taken, the regulations to be made, and the facilities to be afforded for the receipt conveyance forwarding storing

warehousing and delivery of traffic to or over Lake Beyshehir by the English Company and the German Companies respectively will be the same under similar conditions and will be fixed and determined from time to time by agreement between the parties hereto.

ARTICLE 7.

The rates to be charged and the facilities to be afforded for traffic to and from all seaports from and to the terminus on Lake Beyshehir of the English Company and the German Companies will be the same under similar conditions and will be fixed and determined from time to time by agreement between the parties hereto.

ARTICLE 8.

Any dispute or difference which may arise under this agreement or as to the rights duties and obligations of the English Company or the German Companies in respect of the matters referred to in this Agreement will be determined by an impartial referee to be appointed by agreement or failing agreement by Her Majesty the Queen of the Netherlands or her successor and the decision of such referee shall notwithstanding any law or custom whatsoever be final and binding upon the parties.

ARTICLE 9

This agreement will be laid before the duly appointed representatives of the British and German Governments who will be invited to take official note thereof. The aforesaid Governments will be invited as soon as they are each concerned to undertake to uphold individually and collectively this agreement and to use their best endeavours in order that the terms thereof may be punctually and faithfully complied with.

[19037.] No. 79

Foreign Office to Mr Rutherford Harris.

(Confidential.) *Foreign Office, May 1, 1914*

Sir,

I AM directed by Secretary Sir E. Grey to acknowledge the receipt of your letter of the 21st ultimo respecting the navigation of the River Tigris.

It would appear from Yacoub Essayek's letter of the 11th November 1911, to the Ottoman Minister of the Interior that what he originally held was not a concession, but merely an "acte de permis" for navigation on the lower Tigris with two tugs and four barges, and this definition of the rights claimed by him is in substance repeated in article 1 of the statutes of the proposed Ottoman Company.

It would also appear from the document signed by Nazim Pasha on the 13th (26th) December, 1910, that Yacoub Essayié was expressly debarred from transferring his right to foreigners, which, in the circumstances stated in your letter of the 3rd April, 1914, appears nevertheless to have been done in February 1912.

Sir E. Grey is under the impression that all licences to navigate on the Tigris issued by the local authorities in the past—and they have been but few—have been regarded by the Ottoman Government as subject to cancellation; it is true that the penultimate paragraph of the document signed by Nazim Pasha may seem to be in conflict with such a practice, but this is a matter of legal interpretation. Whether, in view of the statement contained in your letter of the 3rd April as to the purchase of Yacoub Essayié's rights, the Ottoman Government would consider itself liable in damages to that individual, appears to Sir E. Grey problematical. If the Government were in fact liable, it would presumably only be to the extent of the value of the property of the limited Ottoman company, which has apparently never been constituted. Had the company been constituted, Sir E. Grey doubts whether the Ottoman Government would have agreed to the issue of bearer shares, as, in such a contingency, it would have been impracticable to ensure compliance with the essential condition that the rights granted should not be transferred to foreigners. Another factor which would weigh with the Government in estimating damages, if any should be payable, would be the actual extent to which vessels might have navigated in pursuance of this permission granted some years ago. Sir E. Grey understands that such rights have been exercised little, if at all, though on this point he has no certain knowledge.

In reply to your further enquiries I am to state, for your strictly confidential information, that a concession has recently been granted to Lord Inchcape, who has been endeavouring to obtain one for many years, for the exclusive right of navigation on the Rivers Tigris and Euphrates, without prejudice to the rights long enjoyed and exercised by the Euphrates and Tigris Steam Navigation Company, who have accordingly come to a working agreement with Lord Inchcape. Under the terms of his concession Lord Inchcape will form an Ottoman company in which, according to present arrangements, half the shares will be held by British and half by Ottoman subjects, a portion of the Ottoman shares may eventually be transferred to German subjects.

I am to point out in this connection that a monopoly of navigation on the River Tigris has in fact existed for seventy years or more, and what has been effected by the recent arrangements is that there shall be a larger British participation therein than heretofore.

In the circumstances explained, Sir E. Grey regrets that it will not be possible for His Majesty's Government to support your claim.

The documents you enclosed are returned herewith.

I am, &c.
EYRE A. CROWE.

[19490] No. 80

Sir John Jackson (Limited) to Foreign Office.—(Received May 2.)

53, *Victoria Street, Westminster, London, April 30, 1914.*

Sir,

MESOPOTAMIA: Improvements to the Shatt-el-Arab and port of Basra.

We are given to understand that it is intended to set up a Board, partly Turkish and partly British, for the conservancy of the Shatt-el-Arab, and for the improvement and exploitation of the harbour of Basra, and that in connection therewith, there will be somewhat extensive dredging and training works on the river, and quays, &c., for the harbour.

As you doubtless know, we, from our position on the Mesopotamia Irrigation Works, are exceptionally well placed to carry out any other works in that part of the world, and we may say that the very great satisfaction expressed to us by the Imperial Ottoman Government for the way in which we have carried to a successful completion some of these important irrigation works emphasises to a marked degree the strength of the position to which we have already referred. We therefore venture to suggest that we are prepared to enter into a contract for the works in question on such terms and conditions as may be mutually satisfactory, and we feel sure that you will recognise the great advantages to be obtained to British prestige generally in that

[19492] No. 80°

Anglo-Persian Oil Company to Foreign Office (Received May 2,

Winchester House, Old Broad Street, London
May 1, 1914

Sir,

I AM obliged for your letter of the 30th ultimo, enclosing translation of a notice from the German Ambassador regarding the settlement reached between myself and Herr Stauss in regard to the chairmanship of the Turkish Petroleum Company and stating that the German Government concur in the arrangement.

I note that it is proposed to address a similar note to the German Ambassador notifying him of the concurrence of His Majesty's Government in this arrangement, and I have pleasure in stating that this course quite meets the views of the group which I am representing.

I beg to state that it is proposed to ask Sir Hugh S. Barnes to accept the chairmanship of the company as representing the British group, and I shall be glad to know if this proposal meets with the approval of His Majesty's Government.

I think it desirable also to mention that the Shell group have put forward a request that the number of directors shall be increased to twelve, viz.:

Six to represent the British group,
Three to represent the Deutsche Bank, and
Three to represent the Shell group,

in order to permit of the election of M. Gulbenkian as one of the Shell representatives, and I shall be glad to know if His Majesty's Government see any objection to this proposal.

I have, &c.
C. GREENWAY.

district, from the undertaking of these works by a British contracting firm of our standing.

Our application to you may of course be somewhat premature, but should an opportunity arise of pushing forward the interests to which we have referred, we beg to ask you for your good offices in connection therewith.

We have, &c.
For Sir John Jackson (Limited),
JOHN JACKSON,
Governing Director.

[19552] No. 81

Sir L. Mallet to Sir Edward Grey (Received May 4.)

(No. 287.)

Constantinople, April 29, 1914.

Sir,

WITH reference to your despatch No. 135 of the 13th March on the subject of the Yemen Railway, I have the honour to enclose herein copy of a letter which I have received from His Majesty's Political Resident at Aden, transmitting a letter addressed to him by Cowasjee, Dinshaw, and Brothers.

Sir James Bell strongly recommends that the concession for the railway and port should be obtained for a British subject.

I have, &c.
LOUIS MALLET.

Enclosure 1 in No. 81.

Major-General Sir J. A. Bell to Sir L. Mallet.

Aden, April 18, 1914.

Your Excellency,

I HAVE the honour to forward herewith copy of a letter dated the 7th instant addressed by Messrs. Cowasjee, Dinshaw, and Brothers of Aden, to your Excellency in connection with their proposal to obtain from the Turkish Government the concession in the Yemen province for the construction of a port at Djebana as well as the building and working of a railway from Djebana-Hodeidah to Sana, and to state that I strongly recommend a British subject being given the concession, as it will eventually lead to a line being constructed from Aden to Sana, and thus prevent the trade being diverted from Aden.

I have, &c.
J. A. BELL,
Political Resident, Aden.

Enclosure 2 in No. 81.

Messrs. Cowasjee, Dinshaw, and Bros. to Sir L. Mallet.

Aden, April 7, 1914.

Your Excellency,

HODEIDAH-SANA Railway.

We have the honour to acknowledge receipt of your letter dated the 26th ultimo, and we feel very grateful to your Excellency for the promised support from the British Embassy, provided the capital employed is British and that both the port and railway will be kept in British hands and under British control in the event of the concession being granted. We are agreeable to give the required undertaking.

We note the general rule is: Applications for concessions have to be presented to the Turkish Ministry of Public Works either by the applicants themselves, or by their local representative, who must be empowered to conduct all negotiations with the Ministry. Your suggestion to appoint an agent at Constantinople to make the application and conduct the negotiations with the Turkish Government has our best attention. We shall follow your advice, and shall write to you later on for recommending us an agent.

We further note no application is taken into consideration by the Ministry

unless it is accompanied by a letter from a bank, preferably the National Bank of Turkey, stating that the applicant is financially able to carry out the undertaking applied for.

Meanwhile we shall be grateful if your Excellency will find it convenient to obtain for us a copy of the concession granted to the French syndicate, and the terms which they had accepted. All expenses connected therewith we shall remit by a cheque on our London bankers. We can assure your Excellency that we shall treat all such papers as confidential.

With best thanks for the courteous reply sent to us.

We have, &c.
COWASJEE, DINSHAW AND BROS.

[19570] No. 82

Sir G. Buchanan to Sir Edward Grey.—(Received May 1.)

No. 122.) *St. Petersburgh, April 29, 1914.*

Sir,

WITH reference to your despatches Nos. 132 and 133 of the 4th instant, I have the honour to enclose copy of a note which I handed to-day to the Minister for Foreign Affairs, communicating to his Excellency the text of articles 6 and 7, which are to be embodied in the Anglo-German convention respecting the Shatt-el-Arab, the Bagdad Railway, and cognate matters, as well as of the six points to be recorded in the note explanatory of that convention and informing him that His Majesty's Government agree to regard the provisions of these articles as well as the six points comprised in the explanatory note above referred to, as having *mutatis mutandis* binding force between His Majesty's Government and the Imperial Government.

I have explained to M. Sazonof that, in order to give him the original text of the articles and points above referred to, I had written my note in English instead of French, and has Excellency had yesterday consented to send me his reply in French and not in Russian. To-day, however, he told me that, in accordance with international etiquette, his reply must be written in Russian, but he subsequently agreed to accompany it with a French note, described as a translation of the Russian, which he also signed. The latter, which has been compared at this embassy with the original Russian note, has been found to be accurate in every respect. I am forwarding both those documents in original.

I have also the honour to enclose copies of the notes which I had previously exchanged with M. Sazonof to which reference is made in my note of the 23rd instant.

I have, &c.
GEORGE W. BUCHANAN.

Enclosure 1 in No. 82

M. Sazonof to Sir G. Buchanan.

(Translation.)

M. l'Ambassadeur, *Saint-Pétersbourg le 16 (29) avril, 1914.*

J'AI l'honneur de vous faire savoir que j'ai bien reçu la note de Votre Excellence en date du 10 (23) avril courant, par laquelle vous avez bien voulu me communiquer la teneur des articles 6 et 7 qui seront incorporés dans la convention anglo-allemande au sujet du Chatt el-Arab, du Chemin de Fer de Bagdad et d'autres questions qui s'y rattachent. Vous m'avez également fait tenir un extrait du projet de note explicative au sujet desdits articles, extrait de ladite convention, comprenant un préambule et six clauses qui complètent le sens de l'article en question.

En même temps vous avez bien voulu m'informer que le Gouvernement britannique consent à considérer la teneur des deux articles ci-dessus mentionnés ainsi que des six clauses de la note explicative comme ayant *mutatis mutandis*, force d'un arrangement entre les Gouvernements britannique et impérial.

Je m'empresse, en accusant réception de la proposition du Gouvernement britannique d'adhérer aux deux articles susmentionnés de la convention anglo-allemande et aux six clauses de la note explicative ci-dessus mentionnées tels

quels sont exposés dans votre note du 10 (23) avril courant, de vous faire savoir que le Gouvernement Impérial consent à son tour à considérer comme obligatoire pour lui la teneur desdits articles et clauses.

Veuillez, &c.
SAZONOF.

Enclosure 2 in No. 82

Sir G. Buchanan to M. Sazonof.

M. le Ministre, *St. Petersburgh, April 10, 23, 1914.*

IN my note of the 29th March/7th April I had the honour to communicate to your Excellency copies of two articles, Nos. 6 and 7, which are to be embodied in the Anglo-German convention respecting the Shatt-el-Arab, the Bagdad Railway, and cognate matters, of which the text was as follows:—

"ARTICLE 6.

His Britannic Majesty's Government and the Imperial German Government will join in using their good offices with the Ottoman Government to secure that the Shatt-el-Arab shall so far as practicable, be permanently and permanently kept in a satisfactory state of conservancy, in order that sea-going vessels may always be assured of free and easy access to the port of Basra and to secure, further, that the navigation on the Shatt-el-Arab shall permanently be kept open to sea-going vessels and be carried on under conditions of absolute equality for the vessels of all nations, with no regard either to the nationality of the vessels or to their cargoes.

"Dues shall be imposed, not for the mere fact of navigation, but only for administrative charges of the Commission, referred to in article 7, and for repaying sums actually spent on improvements in the navigation of the Shatt-el-Arab and harbour facilities. They shall in no case exceed 1 fr. per registered ton (due dues to cover the coming in and going out of the same vessel, except by agreement between the two Governments, any dues shall be levied on a basis of absolute equality, without regard to the nationality of sea-going vessels or their cargoes.

"ARTICLE 7.

"(a.) The Imperial German Government, having taken note of the Anglo-Turkish convention of the 29th July, 1913, under which the free navigation of the Shatt-el-Arab is assured on terms of absolute equality to the shipping of all nations, and a Commission is established for the execution of such works as may be necessary for the improvement of its channel, and for its maintenance, and for other like purposes set out therein, and being of opinion that the provisions of the said convention are conducive to the best interests of international commerce, will uphold it so long as it is not materially altered, and so long as the duties imposed upon the Commission thereunder are satisfactorily carried out.

"The Imperial German Government take note in this connection of the declaration, signed on the 21st October 1913, and attached to the said convention, to the effect that articles 7 and 8 thereof do not affect the rights enjoyed in the Ottoman Empire by the nationals of the treaty Powers.

(b.) His Britannic Majesty's Government, so far as they are concerned, agree—

"1. That the German consul at Basra shall have the right to correspond with the Commission on matters within its competence.

"2. That, if in any case the Commission fail to meet the reasonable requirements of the commerce of the river, and refuse to remove the causes of complaint raised by the German consul, the question at issue shall be referred to an impartial expert, to be nominated by agreement between the two members of the Commission and the German consul, provided that, if a similar or analogous complaint is made by any other consul, he shall participate in the said nomination, and that, failing unanimous agreement, His Majesty the Queen of the Netherlands shall be invited to designate the expert referee.

The Government of His Britannic Majesty will use their good offices with the Imperial Ottoman Government to ensure that effect is duly given to such recommendations as may be made by the expert referee."

To be put in the explanatory note —

"In regard to article 7 clause (b), of the Anglo-German convention of the , it is agreed as follows —

"The expert referee shall, unless it be otherwise agreed by the parties concerned, proceed to Basra for the purpose of his enquiry. He shall publish his report within four months after having received all the necessary materials from all the parties, including both commissioners, or within four months of his arrival at Basra.

"The expenses of the enquiry, including the remuneration of the referee, shall be borne in equal shares by the Governments concerned."

In a further note of the same date I had the honour of informing your Excellency that, in regard to the above-mentioned articles, it was proposed to include in an explanatory note the following passage —

"In regard to articles 6 and 7 of the said convention it is agreed that the following recommendations shall serve as a basis for the work of the Commission —

"1. The Commission to set to work as soon as possible.

"2. The Commission to undertake a preliminary survey during a period of at least twelve months before recommending any large expenditure on permanent works.

"3. The Commission to aim, as a first step, at a depth of 24 feet at high-water springs on the bar.

"4. The channel of the river below Mohammerah to be buoyed as soon as possible so as to indicate the position of shoals in the river.

"5. Fixed mooring buoys allotted as far as possible to the several companies, to be provided at an early date at Basra.

"6. The Commission might with advantage model its arrangements generally upon the analogy of the Danube Commission, so far as applicable."

The reply which your Excellency was good enough to address to me on the 2nd (15th) April was to the effect that the Imperial Government having examined articles 6 and 7 of the proposed Anglo-German convention, as well as the points to be included in the explanatory note to be attached to these articles, were prepared to adhere to this arrangement.

I am accordingly now authorised to inform your Excellency that His Majesty's Government agree to regard the provisions of the aforesaid articles, as well as the six points comprised in the explanatory note above referred to as having *mutatis mutandis*, binding force between His Majesty's Government and the Imperial Government.

I have, &c.
GEORGE W. BUCHANAN

Inclosure 2 in No. 82

M. Sazonof to Sir G. Buchanan

Saint-Pétersbourg, le 2 (15) avril, 1914.

M. l'Ambassadeur,

EN réponse à vos notes en date du 7 avril (25 mars) avec courante au sujet de la Commission de Navigation sur le Chatt-el-Arab, j'ai l'honneur de porter à votre connaissance qu'ayant examiné les articles 6 et 7 de la convention anglo-allemande projetée, ainsi que les points 1-6 qui seront inclus dans la note explicative dont cette convention sera accompagnée, le Gouvernement Impérial se déclare prêt à adhérer à cet arrangement.

Un échange de notes supplémentaires pourrait avoir lieu à cet effet entre le Ministère Impérial et l'Ambassade Britannique.

Veuillez, &c.
SAZONOF

Inclosure 3 in No. 82

Sir G. Buchanan to M. Sazonof

St Petersburgh, March 25 (April 7), 1914.

M. le Ministre,

WITH reference to my note of to-day's date respecting the draft Anglo-German convention, I have the honour to inform your Excellency that His Majesty's Government also propose to include in the explanatory note the following passage —

"In regard to articles 6 and 7 of the said convention, it is agreed that the following recommendations shall serve as a basis for the work of the Commission —

"1. The Commission to set to work as soon as possible.

"2. The Commission to undertake a preliminary survey during a period of at least twelve months before recommending any large expenditure on permanent works.

"3. The Commission to aim, as a first step, at a depth of 24 feet at high-water springs on the bar.

"4. The channel of the river below Mohammerah to be buoyed as soon as possible, so as to indicate the position of shoals in the river.

"5. Fixed mooring buoys, allotted, as far as possible, to the several companies, to be provided at an early date at Basra.

"6. The Commission might with advantage, model its arrangements generally upon the analogy of the Danube Commission, so far as applicable."

I have, &c.
GEORGE W. BUCHANAN

Enclosure 4 in No. 82

Sir G. Buchanan to M. Sazonof

St Petersburgh, March 25 (April 7), 1914.

M. le Ministre,

WHEN the Russian Government first agreed to the exchange of notes respecting the Shatt-el-Arab Navigation Commission, it was understood, as I had the honour to inform your Excellency in my note of the 15th instant, that His Majesty's Government would be glad to agree, in accordance with any other Power except Turkey, regarding the Shatt-el-Arab Commission, the Russian Government would also have the opportunity of considering whether or not there would be other questions of a similar nature with His Majesty's Government which it would be desirable to include in the proposed agreement.

I have now been instructed to communicate to your Excellency, for the strictly confidential information of the Imperial Government, the accompanying copies of two articles which are to be embodied in the Anglo-German convention respecting the Shatt-el-Arab, the Bagdad railway, and other matters.

In communicating the above documents, I am to state that if the Russian Government are so disposed, His Majesty's Government would be fully prepared to conclude with them a convention in terms similar, *mutatis mutandis*, to the enclosed two articles. In connexion, I am to add that, if the Imperial Government are desirous to conclude such a convention, Sir Edward Grey is particularly anxious that it should be signed not later than the 20th instant (N.S.).

I have, &c.
GEORGE W. BUCHANAN

19856. No. 83

Central Mining and Investment Corporation to Sir E. Grove.—(Received May 4.)

Sir, 1, *London Wall Buildings, London, May 4, 1914.*

REFERRING to the conversation which Lord Murray of Elibank had the honour of having with yourself and Sir William Tyrrell on Friday afternoon, the 1st May, we beg to be allowed to submit for your consideration the following facts regarding the concession for our rights in the vilayets of Mosul, Bagdad and Basra, which for some time past we have been endeavouring to secure from the Imperial Ottoman Government.

The possibilities of the useful employment of capital for the development of an oil industry in the territories named have been under our consideration for a considerable time past. During the latter half of 1913 a group representing London capital, and comprising ourselves, S. Pearson and Son (Limited), and Messrs. L. Hirsch and Co., acting in part for third parties, all domiciled in Great Britain, entered into an agreement with Baron de Ward, under which the concession was to be obtained by that gentleman on behalf of a company to be formed under Turkish law, the whole of the share capital of such Turkish company in turn to be held by a British company to be formed under the English Companies Act.

Apart from the exploitation of the oil, it is the intention, in the event of the concession being secured for the group mentioned to secure rights for the transportation of oil both to the Mediterranean Ocean and Persian Gulf and provision is made in the draft 'cahier des charges' (copy of which is annexed hereto*) for the returning of the product, &c.

At the time of the formation of the group above detailed it was felt that, in view of the negotiations which were known to be pending between His Majesty's Government and the Imperial German Government, and dealing with the settlement of a number of questions, it would probably be necessary eventually to include other parties, and the arrangements made, therefore, were to the effect that, of the capital to be provided, each party should subscribe 25 per cent, the remaining 25 per cent being reserved for emergencies, as will more fully appear from the enclosed memorandum,* submitted to our solicitors at the time for the purpose of drawing up the necessary agreement. At a later date it was brought to our notice that it would be necessary to allocate a portion of the rights under the concession we were endeavouring to secure to German capital. We thereupon approached firms in Germany and have arrived at an agreement with them, the arrangements between the British and German parties being set out in a letter, copy of which is enclosed,* and from which only the date and the names have been eliminated, in accordance with the provisions of the letter itself. As part of the understanding, though not embodied in the letter itself, a further agreement exists, as per copy of memorandum enclosed,* also which has been initialled by the parties, the interests remaining as being again omitted. We further enclose copies of extracts from the cahier of responsibilities with Constantinople,* from which you will perceive that our advices are to the effect that the Imperial Ottoman Government appears willing to grant us a concession on the terms of the 'cahier des charges' prepared by us, but insists upon the disclosure of the names of the German group.

We have, &c.
(for the Central Mining and Investment Corporation Limited)
L. REYERSBACH, *Director*.

[17855.

No. 81.

Sir Edward Grey to Hakki Pasha.

SIR E. GREY presents his compliments to Hakki Pasha and has the honour to communicate to his Highness herewith the text of article 2 (clause (c)) of the draft Anglo-German Agreement respecting the Baghdad Railway and cognate matters, and section 3 of the explanatory note (I) annexed to the convention.

Hakki Pasha is aware that His Majesty's Government are at present opposed to any railway connection with Egypt from the east, but in the event of this view being modified at some future date, or of any concessions being granted for railways to the Persian Gulf south of the limits mentioned in part I of the explanatory note to section 3, His Majesty's Government rely upon the Ottoman Government, in view of the cordial relations existing between the two Powers, granting them only to a British group agreeable to His Majesty's Government, and only allowing the construction under conditions acceptable to them. Having regard to the fact that His Majesty's Government have made no small sacrifices in agreeing to article 3, clause (c), of the above-mentioned convention, in the desire principally to facilitate the negotiations between Germany and Turkey, they would much appreciate a written assurance on the subject from the Ottoman Government.

Sir E. Grey would also draw the attention of Hakki Pasha to the fact that, after the completion of the Baghdad Railway, the River Navigation Company in which the Ottoman Government are important shareholders, will be deprived of much of the lucrative through traffic it will at first enjoy, and will to a large extent be dependent upon local traffic. In these circumstances His Majesty's Government trust that the Ottoman Government will grant, in favour of the Navigation Company, a option for ten years, to date from the completion of the Bagdad Railway to Basra for concessions for short lines of railway as feeders for the river navigation, which feeders may be a large source of income to the Navigation Company, especially if irrigation works

* Not printed.

proceeds as rapidly as anticipated in Mesopotamia and Sir E. Grey would specify a line extending for 100 kilometres on either side of the Tigris, and joining the river at Kut-el-Amara, as one line which will probably eventually be desirable.

Foreign Office, May 4, 1914.

Enclosure in No. 84.

Extract from Draft Anglo-German Agreement.

ARTICLE 2.

Clause (c). His Britannic Majesty's Government declare that they will not themselves establish or support any claim of any persons or corporations whatsoever to establish, in Ottoman territory, railways or railway works either in direct competition with the Baghdad Railway Company's lines, or in contradiction with that company's existing rights, unless and until there is complete agreement on the subject between the Imperial German Government and His Britannic Majesty's Government. For the purposes of this article, the western termini of the Baghdad Railway system, as defined in the explanatory note attached to the present Convention, shall be taken to be at Koweit and the western terminus at Basra.

SECTION III.

In regard to article 2, clause (c), of the convention it is agreed as follows:

1. No lines in that part of Asiatic Turkey which west of the 36th meridian of east longitude, lies south of the 34th degree of latitude and to the east of the said meridian lies south of the 31st degree of latitude, shall be built by a British company or be in direct competition with any portion of the railways which are to be built to meet competition as hereinafter described with any communication between the Mediterranean and the Persian Gulf.

2. There shall be a protective zone extending for 60 kilometres on either side of the lines of the Baghdad Railway system, and any line passing within the said zone shall not be built to be in direct competition, provided that the region between Mosul and Kirkuk (the protective zone shall be bounded on the east by a line drawn midway between the rivers Tigris and Euphrates from the latitude of Mosul to that of Kirkuk).

3. Local lines serving as feeders for the river navigation and not exceeding 150 kilometres in length shall, provided they do not pass within the protective zone, not be held to be in competition.

4. The question of whether any other lines or railways are in direct competition shall, in the event of failure to reach an agreement, be referred to arbitration in accordance with article 7 of the said Convention.

[19949] No. 85.

India Office to Foreign Office.—(Received May 5.)

India Office, May 4, 1914

SIR,

I AM directed by the Secretary of State for India to transmit to you, for the information of the Secretary of State for Foreign Affairs, copy of certain papers on the subject of Bin Saud

I am &c.
T. W. HOLDERNESS.

Enclosure 1 in No. 85.

Political Resident in the Persian Gulf to Government of India

Bushire, April 9, 1914

(Telegraphic.) R.

ON the 27th March Ambassador at Constantinople informed consul, Basra, that he was led to believe that Turks did not contemplate immediate military action against Abd-el-Aziz. He had heard confidentially from Minister of the Interior on the 24th March that arrangements were being made through Sheikh of Koweit and Mohammaerat and Said Talib for peaceful solution, and that terms had been made with Arabs.

Consul replied that Said Talib had left to the extent contained above. Latter said that Sheikh of Koweit and he are trying to reach arrangements, but Abd el-Aziz wishes to be an independent Amir, and declines to receive Turkish troops. Said Talib expects peaceful solution. Political Koweit. However reports that Sheikh of Koweit adopts strictly neutral attitude and has refused to interfere.

Enclosure 2 in No. 85.

Political Resident in the Persian Gulf to Government of India

Bushire, April 12, 1914

(Telegraphic.) R.

NEGOTIATIONS with Abd-el-Aziz.

Political Agent reports:

"Vali of Basra informing Sheikh of Koweit that Government bestows upon him Order of Osmanlia first Class intimates desire to visit Koweit for investiture. Sheikh would rather Vali did not come to Koweit and suggests going to Fao for interview. Do you see any objection to this or in view of negotiations in progress regarding Abdel-Aziz, would it be better to allow Vali to carry out his plan. Sheikh fears that he may use Koweit as base to communicate with faction of Abd el-Aziz and objects to that.

I am inclined to think that it would be better to allow Vali to come to Koweit, as we shall then stand better chance of ascertaining the Turkish plans. A letter from Abd-el-Aziz sent by post and dated of Basra sends message to Awar Beg expressing Abd-el-Aziz's inability to enter into negotiations. Abd-el-Aziz informed them:

"If the Porte really wishes to protect country and unite Islam, this can only be done by diplomacy of Ameer-Dowleh followed by proclamation, referring to people whose good qualities cause countries of the world to remain in repose, whom we know and on whom we depend and do not wish to displease by actions contrary to our promises to them."

Full text by mail.

Negotiations look rather hopeless, and if Vali comes to Koweit and gets a rebuff, it might help matters in London.

[20048] No. 86.

Sir L. Mallet to Sir Edward Grey.—Received May 5.)

(No. 277.)

(Telegraphic.) *Constantinople, May 5, 1914.*

YOUR telegram No. 212 of 25th April.

Having received promised list of oil-wells from the Porte, my German colleague and myself held a meeting at the German Embassy this morning with representatives of petroleum company in order to consider most convenient form in which the Porte would be able to grant oil concession without necessity of "permis de recherches" and giving the concession the character of a monopoly. It was suggested that the concession granted to Civil List and now owned by the Finance Ministry should still remain in possession of the Government and not be transferred to the company, but that the latter should become the lessees, this form existing in contract with Anatolian Railway and promise to D'Arcy are, would I am sorry say, the penalty which the Porte fears they may have with French and Russian Governments if concession is granted to a British company and will render permits necessary whose securing to company sole right to all oil-wells found in Mosul and Bagdad vilayets.

German Ambassador and company's representatives agree with suggestion and explanation in the sense of this suggestion of first article of draft concession enclosed in your despatch No. 269 is being drafted by company's representatives, and will be submitted to the company for approval.

[20049] No. 87.

Sir L. Mallet to Sir Edward Grey.—Received May 5.

(No. 278.)

(Telegraphic.) *Constantinople, May 5, 1914.*

PRESIDENT of the Council of State told me last night report of instructions to Hakki Pasha.

1. If line from Aoutli is ever constructed Government will give a guarantee to British company provided maximum is fixed. There great opposition to kilometric guarantee, which they had never any intention of giving to Germans, to which they did not think British company would be similar, as they had never asked for one before.

I had much difficulty in persuading President of the Council of State to give way, and I therefore hope that a maximum will be agreed to.

2. As regards situation, they are anxious to meet your wishes, and fully realise that it will be impossible for company to continue in uncertainty as to tenure of this part of their land.

They entirely deny, however, that land in dispute is land which was originally granted to this company by Government. Most strong will collect some, says there are documents in Ministry of Public Works proving that company originally recognised validity of claims by offering to pay for land. Contrary is of course asserted by the other side. I am setting by post a memorandum of merits of the case, so far as ascertainable here, but it does not appear to be so clear as to admit of the British company's claim.

Government now offer arbitration, the tribunal to consist of an Ottoman and one British member and a British superarbitre. President of the Council of State said he hoped that this offer would show desire of the Government to settle question and their confidence in British impartiality.

If you thought it right to recommend to company to accept arbitration they would, I suppose, make conditions that in case of losing they would not be dispossessed of land and that present value of land shall not be basis of compensation.

3. Irrigation. Hakki Pasha is instructed to report what are requirements of His Majesty's Government.

4. Pecuniary claims. They cannot place deposit in bank or give bank guarantees, and declare that a written undertaking to pay should be sufficient as between Governments. It is partly a question of *amour-propre*, and I might not induce Djavid Bey, to whom I have also spoken to give way. I told him as Russian loans were actually being paid, I thought it strange that he should refuse this, but he said that they have not got 250,000*l.* to put in the bank. He offers to pay British claimants

on the same terms as Russians. I believe Hakki is told to offer 75,000*l.* in full settlement.

I have said, speaking personally that, even if this method of settlement were approved by you, that sum would not be sufficient and that it would be difficult in any case for His Majesty's Government to apportion the money, which ought to be done by negotiation between Finance Ministry and claimants.

My view is that, unless lump sum offered were equivalent to whole non-contentious claims and to a substantial percentage of others, proposal would be impracticable. In view of strong attitude taken up by Minister we might waive question of deposit and be satisfied with undertaking that sums awarded will be paid to His Majesty's Government within a fixed period of months with proviso that total sum should carry interest at a certain rate for any time after expiration of that period.

With regard to missionary institutions, President of Council of State said that Turkish Government could not admit that favoured-nation treatment extended to institutions. I replied that such a contention was one which His Majesty's Government could never accept. He said that in fact Ottoman Government were quite ready to give to His Majesty's Government what they had accorded to France, but they did not want to say in convention that they were according most-favoured-nation treatment. I do not think that they would rule out about this if pressed. But if you wished to reject them, and provided that our treaty rights were safeguarded I see no strong reason for insisting.

I did not discuss these questions at length in view of your telegram No. 216 of 1st May, and of difficulty of carrying on negotiations in two places; but I promised to telegraph to you my impressions of proposal which Grand Vizier specially wished me to do.

I am convinced that Turkish Government wish to settle everything without delay, and that if you can meet their wishes on some points they will not make difficulties.

[21151] No. 88.

Memorandum communicated by the Italian Ambassador, May 6, 1914.

(Private and Confidential.)

ACCORDING to the "Tezkere," owned by the Italian syndicate they have acquired the right of proposing to the Ottoman Government the construction of any railway south of the 40 kilom. zone belonging to the Smyrna Aidin Company. The syndicate having recognised the rights previously acquired by the company and the importance of the latter's interests, have submitted to all restrictions and rates for the branches of railways of the easterly zone of Alaha Hunery, have resolved lately to the branch railway to the north at the east of Kirkinja.

Besides, in order to meet the wishes of the Smyrna-Aidin Company, and in compliance with the request of the Ottoman Government, the syndicate have agreed to the construction of the junction Mougla Tchina, whilst it had been agreed that the concession of such line should have been declined by both aforesaid parties.

As the Smyrna-Aidin have no right whatsoever upon the west Gulf of Menderia for the construction of railways southwards of their 40 kilom. zone, it is only fair that the Italian syndicate should ask that such western zone (Gulf of Menderia) be left for the extension of their railway lines.

2. According to a proposal made by Signor Nogara, all questions arising between the Smyrna-Aidin Company and the Italian syndicate ought to be arbitrated by an impartial referee appointed by His Majesty's Board of Trade. It would be fair and in accordance with the general rules that the referee be such as to be above any suspicion of partiality and, therefore the syndicate's demand that such impartial referee should be selected by His Majesty's Board of Trade amongst the members of a foreign authoritative body belonging to a State Railway department is quite reasonable and rests upon principle of undisputable fairness. The Smyrna Aidin Company, after having secured the appointment of the referee through His Majesty's Board of Trade may feel reassured that such appointment being made through a British institution will be to their satisfaction.

[20588] No. 89.

Sir Edward Grey to Sir R. Rodd.

(No. 130.)

Sir, *Foreign Office, May 6, 1914.*

THE Italian Ambassador explained to me to-day that his Government were spending 3,000*l.* a day on the islands of the Dodecanese, and that the Turks, knowing that the islands were safe from Greece in the hands of Italy, and could be claimed by Turkey at any time, were in no hurry to recover them. The Italians were really anxious to evacuate the islands and restore them to Turkey, but they could not do so unless Turkey would give them a concession. No Government could live in Italy for a day after giving up the islands without some concession, especially after the disclosures in the Aziz Ali trial, which showed that the Turks had deliberately prosecuted operations in Tripoli long after the Treaty of Lausanne had been signed.

I am, &c.
E. GREY.

21151] No. 90.

Sir Edward Grey to Sir R. Rodd.

(No. 137.)

Sir, *Foreign Office, May 6, 1914.*

THE Italian Ambassador gave me to-day the accompanying memorandum about the agreement with the Smyrna Aidin Railway Company.*

I had no time to read it at the moment, and, though I promised to look into it I said that I had already gone further with the Smyrna Aidin Company to secure an agreement with Italy than I had promised the Ambassador when he spoke to me about it some time ago, and I was very inclined to say that, if all I had done now turned out to be not enough, the whole thing had better come to an end.

The Ambassador begged me not to say that.

I am, &c.
E. GREY.

18725] No. 91.

Sir Edward Grey to Hakki Pasha.

SIR E. GREY presents his compliments to Hakki Pasha and has the honour to inform His Highness that His Majesty's Government have taken under most careful consideration the amendments proposed by the Ottoman Government in the draft of article 6, relating to irrigation in Mesopotamia, of the Anglo-Turkish Convention now under negotiation, they have also been in communication with Messrs. Pearson and Son, and Sir John Jackson (Limited) the firms concerned in the subject of question.

The proposals made in the Turkish counter-draft as to responsibility for defects in the work are, in the form suggested, quite unacceptable to the firms and, in the view of His Majesty's Government, not equitable or reasonable. The responsibility of the firms should, His Majesty's Government consider, be limited to defects arising from bad construction, or from faults in design, provided, as regards the latter, that the contractors shall be given sufficient time to suggest modifications and shall not be responsible in cases where such suggestions have not been adopted.

His Majesty's Government would strongly urge the Ottoman Government to agree to the original British draft in regard to arbitration: the counter-draft is open to serious objections on numerous points.

A further draft is now enclosed, and Sir E. Grey earnestly trusts that the Ottoman Government will agree to it.

Foreign Office, May 6, 1914.

---

* No. 88.

Enclosure in No. 61

Text as proposed by His Britannic Majesty's Government in May 1914.

Accepte

Article 1. Le Gouvernement de Sa Majesté Britannique et le Gouvernement Impérial Ottoman considérant les travaux d'irrigation et des travaux hydrauliques de Mésopotamie visés dans le firman impérial du mois d'avril 1912 et annexé au présent rapport et visé par les deux Gouvernements, ainsi que les travaux qui viendront s'y ajouter par la suite, et qui sont nécessaires pour la mise en valeur des terres qui avoisinent ces travaux, déclarent par la présente que, dans le cas où les sommes dépensées pour ces travaux et pour l'achat des terres nécessaires à leur exécution dépasseraient le montant de la garantie de 4 pour cent sur le capital de 12 millions de livres sterling, prévue par le firman impérial susmentionné, le Gouvernement Impérial Ottoman s'engage à payer au Gouvernement de Sa Majesté Britannique, à titre de remboursement, la moitié de l'excédent de dépense, sans que cette somme puisse dépasser 2 millions de livres sterling.

Il est expressément entendu que, dans tous les cas, les sommes dépensées pour ces travaux et pour l'achat des terres nécessaires à leur exécution ne seront portées au compte de garantie que jusqu'à concurrence des prix raisonnables et équitables payés pour ces terres, et que toute somme dépensée au delà de ces prix raisonnables et équitables ne sera pas prise en considération pour le calcul de la garantie susmentionnée.

Article 2. Le Gouvernement Impérial Ottoman s'engage à ne pas aliéner ou hypothéquer les terres qui auront été irriguées par les travaux susmentionnés, ou qui auront été achetées pour l'exécution de ces travaux, sans l'assentiment préalable du Gouvernement de Sa Majesté Britannique.

Article 3. Le Gouvernement Impérial Ottoman s'engage à ne pas aliéner ou hypothéquer les terres qui auront été irriguées par les travaux susmentionnés, ou qui auront été achetées pour l'exécution de ces travaux, sans l'assentiment préalable du Gouvernement de Sa Majesté Britannique.

Text as proposed by His Britannic Majesty's Government as modified by the Imperial Government.

Article 1. Le Gouvernement de Sa Majesté Britannique et le Gouvernement Impérial Ottoman considérant les travaux d'irrigation et des travaux hydrauliques de Mésopotamie visés dans le firman impérial du mois d'avril 1912 et annexé au présent rapport et visé par les deux Gouvernements, ainsi que les travaux qui viendront s'y ajouter par la suite, et qui sont nécessaires pour la mise en valeur des terres qui avoisinent ces travaux, déclarent par la présente que, dans le cas où les sommes dépensées pour ces travaux et pour l'achat des terres nécessaires à leur exécution dépasseraient le montant de la garantie de 4 pour cent sur le capital de 12 millions de livres sterling, prévue par le firman impérial susmentionné, le Gouvernement Impérial Ottoman s'engage à payer au Gouvernement de Sa Majesté Britannique, à titre de remboursement, la moitié de l'excédent de dépense, sans que cette somme puisse dépasser 2 millions de livres sterling.

Il est expressément entendu que, dans tous les cas, les sommes dépensées pour ces travaux et pour l'achat des terres nécessaires à leur exécution ne seront portées au compte de garantie que jusqu'à concurrence des prix raisonnables et équitables payés pour ces terres, et que toute somme dépensée au delà de ces prix raisonnables et équitables ne sera pas prise en considération pour le calcul de la garantie susmentionnée.

Article 2. Le Gouvernement Impérial Ottoman s'engage à ne pas aliéner ou hypothéquer les terres qui auront été irriguées par les travaux susmentionnés, ou qui auront été achetées pour l'exécution de ces travaux, sans l'assentiment préalable du Gouvernement de Sa Majesté Britannique.

Article 3. Le Gouvernement Impérial Ottoman s'engage à ne pas aliéner ou hypothéquer les terres qui auront été irriguées par les travaux susmentionnés, ou qui auront été achetées pour l'exécution de ces travaux, sans l'assentiment préalable du Gouvernement de Sa Majesté Britannique.

~~Ce tribunal décidera, à l'unanimité ou à la majorité, la procédure à suivre.~~

~~A moins d'avoir ouvert les adjudications susmentionnées et d'avoir le cas échéant, eu recours à l'arbitrage prévu, le Gouvernement Impérial ottoman s'engage à ne pas accorder, sauf à l'une ou à l'autre des dites maisons anglaises, une concession pour la totalité ou toute partie des sections suivantes.~~

[19856] No. 92

Foreign Office to Board of Trade

Foreign Office, May 6, 1914.

Sir,

WITH reference to the letter from this Office of the 17th December last, respecting Turkish petroleum concessions, I am directed by Secretary Sir E. Grey to transmit to you the accompanying copy of a letter, dated the 4th May, from the Central Mining and Investment Corporation (Limited), and the draft of a letter which, subject to the concurrence of the Board of Trade and the Lords Commissioners of the Admiralty, it is proposed to send in reply.

I am to request that the enclosures to the first letter, which are sent in original, may be returned to this Department.

With a view to expedition I am to request that, if possible, your Department would be so good as to enter into direct communication with the Admiralty on the subject.

Sir E. Grey considers that Mr. Silley should have the support of His Majesty's Government in regard to old concessions in the vilayet of Basra if he will give the desired assurances not to transfer any rights without the assent of His Majesty's Government, and, for the present, to confine his efforts in exploiting to that vilayet. In replying to the Central Mining and Investment Corporation

As to Baron de Waal, the information of this Department is to his antecedents is not altogether satisfactory, and it is possible that he may not have given an entirely accurate account of the attitude of the Ottoman Government and his group.

After replying to the Corporation's letter Sir E. Grey proposes to instruct Sir L. Mallet to confine himself to giving any support to Mr. Silley, if necessary to oppose, any representative which the Corporation may send to Constantinople.

I am, &c.

EYRE A. CROWE.

[20259] No. 93

Admiralty to Foreign Office.—(Received May 7.)

(Confidential.)

Admiralty, May 6, 1914.

Sir,

WITH reference to the agreement of the 19th March, 1914, arranged in conference at the Foreign Office for the fusion of the interests in Turkish petroleum concessions of the D'Arcy group and the Turkish Petroleum Company, I am commanded by my Lords Commissioners of the Admiralty to request that you will acquaint the Secretary of State that they have been verbally informed that the Anglo-Persian Oil Company intend to find the capital amounting to 100,000*l.* for the holding company proposed to be registered to hold the D'Arcy group's shares in the Turkish Petroleum Company.

2. If the proposal is finally approved by the directors of the Anglo-Persian Oil Company the decision will necessarily be taken as the matter is an urgent one, before His Majesty's Government subscribe for shares in that company and are represented on the Board of Directors, but it appears probable that except possibly the first instalment of 1*s.* per share, the actual payments out of the funds of the company will

* No. 83.

be made subsequently to the Government becoming financially interested therein under the agreement which is now reaching its final stages. The Anglo-Persian Oil Company contemplate issuing the necessary funds by way of loan to some four persons, including two of the present directors of the company, on the understanding that the shares, together with blank transfers for the same, shall be lodged with the Anglo-Persian Oil Company. The amount of share capital to be taken in the Turkish Petroleum Company by the D'Arcy group under paragraph 3 of the agreement above referred to is 80,000*l.*, but it is understood that further capital of about 20,000*l.* is proposed to be provided for general working expenses of the holding company, and also to meet the contingency of a possible increase in the capital of the Turkish Petroleum Company. Four thousand of the shares, however, are to be subscribed for on behalf of Mr. Gulbenkian with financial interest only; those shares are therefore to be registered in the name of the holding company. Four thousand fully paid shares are proposed to be allotted fully paid.

3. Assuming that the arrangements indicated in paragraphs 6 and 7 of the agreement prove adequate for the subsequent raising of subsidiary moneys, fully paid shares in the Turkish Petroleum Company of the necessary capital for the initial working of the concessions and for the exploration of the Turkish Petroleum Company will not be increased, if at all, to such an extent that the D'Arcy proportion cannot be provided out of the 20,000*l.* above referred to, but it would appear that the sum advanced by the Anglo-Persian Oil Company will be increased to 80,000*l.*

4. As regards the financial risks which might be incurred by the Anglo-Persian Oil Company, it appears to my Lords that this must be taken as part of the general risk of that company's enterprise. The Deutsche Bank and formerly the National Bank of Turkey, the Seal group, and the D'Arcy group who possess between them considerable expert knowledge of Turkey generally and of the possibilities of the Mesopotamian concessions in particular, have all been extremely cautious of participating in the exploitation of these concessions. This may be taken as fair evidence that the prospects of success are reasonably good.

5. The important point as to whether the benefits to the Anglo-Persian Oil Company in which His Majesty's Government are about to acquire rather more than half the share capital may present any liability from the Foreign Office report.

6. The view which my Lords have always taken of the D'Arcy claim to a share of the Mesopotamian oil concessions has been that it was the right reserving of the support of His Majesty's Government to the group that that group were pioneers in that particular field; but it is that whether large supplies of oil from Mesopotamia may or may not eventually be required for naval purposes, the maintenance of British control in the Mesopotamian field would be detrimental to the operations of the Anglo-Persian Oil Company. It is conversely true that a foreign control in Mesopotamia might prove adverse to the interests of the Persian field. His Majesty's Government by taking a large share in the latter field must be held thereby to have an indirect interest in the manner in which oil produced in Mesopotamia may ultimately be marketed.

7. This indirect interest will be somewhat strengthened if an arrangement is arrived through which my Lords understand from the Board of Trade is proposed by the Deutsche Bank group, viz. that certain exportable surplus of fuel oil which may be ultimately available from Mesopotamian fields the German Government shall have a right of purchase up to one-third, and the British Government an option of the same nature and extent.

8. So far as naval interests are concerned my Lords regard it as both unnecessary and undesirable that His Majesty's Government should be directly concerned in the exploitation of the Mesopotamian fields, and presumably if such direct intervention was there it would be impossible to restrain by claim to a similar direct participation by the German Government.

9. As three out of four, or possibly all four of the directors who will represent the D'Arcy group on the Turkish Petroleum Company will be chosen from directors of the Anglo-Persian Oil Company, the one of those directors as is also proposed as the Chairman of the Turkish Petroleum Company with a casting vote, the direct interest of the Anglo-Persian Oil Company in the Turkish Petroleum Company will be a matter of private knowledge. My Lords are disposed to think, however, that a loan of very large extent from the funds of the Anglo-Persian Oil Company in which nearly a half interest will remain in private hands, to the British holding company in the Turkish Petroleum Company, cannot be regarded as a direct participation in management by His Majesty's Government. The fact that the office directors to be appointed to

the Anglo-Persian Oil Company would not extend in this particular matter beyond seeing that the Government financial interests were protected in the same manner as in regard to any other securities held by the company for loans of money, and the *ex officio* Directors would not participate in the management of the holding company or of the Turkish Petroleum Company.

10. My Lords would be glad to receive an expression of Sir Edward Grey's views on this question, and if he is in agreement with the opinions herein expressed, they would propose to intimate to the company that the Admiralty do not propose to interfere with the discretion of the directors to make the loan if they are satisfied that it is necessary and desirable to do so.

11. My Lords have consulted informally with the Treasury in this matter as that Department will be one of the parties to the financial agreement with the Anglo-Persian Company, and they understood that subject to the concurrence of the Foreign Office and the Admiralty the Treasury have no objection to the company's proposal. My Lords understand that the Company will have to reach a decision within the next few days.

12. Copies of this letter have been sent to the Treasury and to the Board of Trade for information.

I am, &c.
W. GRAHAM GREENE.

[20048] No. 94

Sir Edward Grey to Sir L. Mallet

(No. 219 Telegraphic.) *Foreign Office, May 7, 1914*

YOUR telegram No. 278 of 5th May.

An agreement will be initialled *ad referendum* this morning by Hakki Pasha and Lord Rathmore, and taken to Constantinople by Moukhtar Bey, who arrives on 12th May.

1. The company have never pressed for kilometric guarantees, and do not now insist upon financial guarantees, as a satisfactory compromise has been proposed by Hakki Pasha and accepted by the company.

2. As regards terminal land, company have produced for first time original plan, which Hakki Pasha recognises as irrefutable evidence in their favour and covers all property hitherto in dispute. This will now be protected by draft article accepted by Hakki.

Company and their legal advisers view with grave suspicion proposal for arbitration, and attribute it to Count Ostrorog's influence. It would afford no legal finality and might even lead to fresh claims.

Copy of initialled agreement goes to your Excellency by post.

I will await Hakki Pasha's communication as to claims.

[20536] No. 95

Sir Edward Grey to Sir L. Mallet

(No. 220 Telegraphic.) *Foreign Office, May 8, 1914*

YOUR telegram No. 278 of 5th May.

The offer made by Hakki Pasha as payment of 75,000*l.* in settlement of all claims. This sum is quite inadequate when it is borne in mind that total of claims presumably unanticipated is about 118,000*l.*, and that of disputed claims not less than 100,000*l.*, both figures being exclusive of interest.

But, apart altogether from question of whether Ottoman Government might ultimately prove willing to give adequate amount the adoption of this mode of settlement would, owing to assessment and apportionment involve serious delay in signature of agreement, which I am most anxious to avoid.

On the other hand, there are now only three questions outstanding in regard to the arbitration agreement:—

1. Mode of payment.
2. Rate of interest.
3. Right to add claims arising since 1908 to the schedules.

As to (1), we are prepared to accept a simple undertaking in the agreement itself to pay in six months after the award, provided Hakki Pasha is authorised to write me a note undertaking that the Public Debt will guarantee payment. This note could remain confidential, and the question of *amour-propre* would thus be avoided.

As to (2), it is clear that the only method of reaching agreement is to leave it to tribunal to decide question of interest in each case; and if point 1 is agreed to I am willing to accept a formula which has been proposed by Hakki Pasha.

As to (3), I would waive our demand, since rights of other claimants will be expressly reserved by present agreement.

Hakki Pasha has telegraphed on these lines to his Government, and I hope he may receive authority to sign agreement at a very early date.

19490. No. 96

Sir [illegible] to [illegible]

Sir, *Foreign Office, May 8, 1914*

I AM directed by Secretary Sir [illegible] to enclose herewith a copy of letter from Sir [illegible] Jackson (Limited) regarding the works and improvements to be carried out in the Shatt-el-Arab and at the port of Basra, together with the reply which has been returned thereto.†

I am to inform you, in this connection, that it is proposed to insert in the Anglo-Ottoman Convention an article providing that irrigation works to be undertaken in Asiatic Turkey shall in the future be put up to public competition, and as it is possible that training works in the Shatt-el-Arab may have to be carried out in such a manner as to form part of irrigation works on the upper reaches of that river, the Ottoman Government might conceivably claim that the works as a whole should be so put up.

In view of this consideration, and of the importance of securing efficiency and economy in the execution of the works, Sir E. Grey trusts that the principle of open competition should be applied to the operations which will probably be shared by the Ottoman Government. He would be glad to receive an early expression of the views of the Marquess of Crewe on the question, in order that it may be discussed, with Hakki Pasha, before his proposed departure for Berlin.

At the same time Sir E. Grey would be grateful for any recommendations which his Lordship may desire to make as to the salaries to be paid to the principal officers working under the Riverain Commission, and as to the selection of suitable candidates for the posts (other than that of British commissioner for which appointment Sir E. Grey already has names under consideration).

A similar letter has been addressed to the Admiralty and the Board of Trade.

I am, &c.
EYRE A. CROWE.

19490] No. 97

Foreign Office to Sir John Jackson, Limited,

Gentlemen, *Foreign Office, May 8, 1914*

IN reply to your letter of the 30th ultimo regarding the works to be undertaken in the Shatt-el-Arab and at the port of Basra, I am directed by Secretary Sir E. Grey to state, for your confidential information, that the improvements to be made to the port of Basra are to be carried out by a new Ottoman company, to which the construction of that port is to be transferred by the Baghdad Railway Company. In this new Ottoman company Lord Inchcape and Mr. Lynch are to participate to the extent of 10 per cent. of the total capital.

The Commission to be set up for the conservancy of the Shatt-el-Arab will be a Turkish institution under the authority of the Turkish Government, but of the two commissioners, one will be a British subject appointed on the recommendation of the British Government. The Commission will conduct preliminary studies during the first year after its appointment. As far as can be foreseen at present, the works to be undertaken will be of the character of training rather than dredging works, and if and in

* Also to Admiralty and Board of Trade, *mutatis mutandis*. † Nos. 80 and 87.

so far as they are not carried out by the Commission itself, it will probably be desired that they should be put up to tender

The request contained in your letter will, however, be borne in mind by His Majesty's Government

I am, &c.
RALPH PAGET

[21152] No. 98

Signor Nogara to the Marquis Imperiali.—(Communicated to Foreign Office May 9.)

(No. 95.)

Excellence, *Rome, le 8 mai 1914.*

AINSI qu'il est à la connaissance de votre Excellence, les pourparlers de l'accord intervenu avec notre Ottoman Railway from Smyrna to Aidin au sujet de la construction de chemins de fer en Asie Mineure ont été poursuivis sans interruption par le Foreign Office et le Board of Trade d'une part et le Gouvernement ottoman, pour le règlement de la compagnie anglaise susdite, d'autre part, et en vue de faciliter la construction de la jonction entre les deux voies ferrées de Mog'a et Mog'a j'ai signé hier matin, avec Sir Arthur Nicolson, un arrangement en vertu duquel cette jonction aurait, en tous cas, lieu par Tchina Mougla, moyennant certaines compensations à la compagnie anglaise.

Depuis lors, cependant, le Gouvernement ottoman, revenant sur certains points qu'il avait déclaré ne pas pouvoir préjuger définitivement, a fait savoir qu'il ne pouvait accepter l'accord dans son ensemble.

Pendant ce même temps, les négociations de la compagnie avec le Gouvernement ottoman avaient continué sans interruption et je suis resté moi-même attentif toujours à leur conclusion et à la disposition de Sir Edward Grey pour signer avec elle l'accord définitif, dont les préliminaires avaient été paraphés le 5 avril.

Mardi dernier son Altesse Hakki Pacha a bien voulu me faire savoir que je lui aurais rendu plaisir en faisant connaître à Votre Excellence que le Gouvernement ottoman désirait que la compagnie anglaise et que moi-même, tout en restant fermement attachés à notre signature définitivement par la compagnie anglaise, *n'attendions plus que son Altesse*

Aujourd'hui je suis allé chez Messrs Spagnoletti et Mackett. Mr Corbett m'a informé que le signataire avait, en effet, reçu et que celui-ci arrivait à une entente avec le Gouvernement ottoman, la société devant obtenir pour ce qu'il avait à la jonction Tchina Mougla l'engagement que celle-ci serait traitée avec moi par l'article 12, paragraphe 2 *b*, des préliminaires, aussi bien que les engagements supplémentaires portés dans la lettre échangée entre moi et Lord Rathmore. Mr Corbett en me faisant cette communication a ajouté que la compagnie anglaise serait disposée à accepter, et même désirait, que les compensations par lui réclamées de la part de la compagnie Tchina Mougla fussent avantageusement réalisées pour le former.

Par ce qui précède, j'ai lieu de constater que la compagnie anglaise, par ses conclusions avec le Gouvernement ottoman, a gravement manqué à ses engagements envers moi :

1° Parce que le fait acceptation du Gouvernement ottoman les conditions que les deux parties s'étaient originairement engagées à ne pas accepter ;

2° Parce que cette acceptation a eu lieu sans que je fusse consulté, ainsi que la compagnie en avait la stricte obligation, en vertu de la stipulation contenue dans l'article 2 de ses huits préliminaires ;

3° Parce que la construction Tchina Mougla, acceptée par la Compagnie Smyrna Aidin est en opposition avec les stipulations de mon tezkere, dont copie a été remise au Foreign Office ;

4° Parce que je suis resté pendant trois semaines, à la disposition de la compagnie anglaise dans le seul but d'être à sa portée pour toute éventualité de modifications aux préliminaires et qu'il n'a pas été consulté.

Vu que ces négociations entre moi et la compagnie anglaise ont toujours eu lieu sous les auspices et avec l'assistance amicale de l'Ambassade Royale que le Foreign Office je crois de mon devoir d'attirer l'attention de votre Excellence sur les faits exposés ci-dessus, en priant votre Excellence de bien vouloir en vouloir à hâter ses conseils. En même temps, je m'empresse de porter ces faits à votre connaissance le même synd cat.

Je prie, &c.
NOGARA

[20759] No. 99

Sir L. Mallet (Sir Edward Grey).—(Received May 11.)

(No. 105.)

Sir, *Constantinople, May 2, 1914.*

WITH reference to my telegram No. 201 of the 29th April, it will be recollected that in February 1911 an agreement was entered into with Messrs. Armstrong for the construction of two battleships of the Dreadnought type and that for want of funds only one ship, the Reshadieh, was nearing completion was procured, viz.

It was first stated that the arrangement concluded during the last few days of stay here between Messrs. Armstrong's representative and the existing Government and the present Ministry from the Foreign Office was in continuation of the above contract rather than a fulfilment of it, but on closer consideration of the above terms it seems doubtful whether the acquisition of the ship can be considered as completed pending the arrival of the personnel necessary to constitute a complete crew. It is to be observed, as regards the Armstrong firm, apart from the general workers scheme which does not concern us, that the Greek Government

With regard to the payment of interest, Sir Arthur Nicolson states that the expenditure was to be external obligations which could only be covered by voluntary additional subscription. The interest for the first year is to be paid by the Ministry of Marine, and is said to amount to about 700,000*l.*, from whence it is stated that the terms of payment every six months of the expenditure will be spread over a number of years. Further reshipments of capital stores and personnel are to be sent out in fast vessels of the Levant Line, and I understand that the National property of the Messrs. Armstrong have to conduct with the construction of these Six destroyers and possibly some submarines are also ordered in France in connection with the Dreadnoughts and guns, torpedoes, &c. will be provided from England under arrangements of this kind by Messrs. Armstrong. It will thus be seen that the Turks are now rather committed to an extensive naval programme.

From the view of future naval potentialities in Greece it is evident that although the first two Dreadnoughts will scarcely be ready before the end of the present year, it is clear that the vessels of the Turkish fleet will be at sea

The negotiations for the vessels have been initiated with great secrecy. Sir Richard Crawford tells me that he knew nothing of them, and Sir Vincent Caillard and Sir Charles Ottley, who have been to the Dardanelles on two different occasions, gave no inkling of what was the object of their visit. It was in connection with the formation of the Greek company. A few days before the announcement of the contract, Mr. Corbett told me that the order of a capital ship was contemplated, but nothing of the kind has since come to my knowledge.

I saw Djemal Pasha last night and he told me that I was sure that the Government was making a mistake in ordering another Dreadnought before they knew whether the two which they had already ordered would be a source of strength to their navy or an embarrassment. Moreover it seemed to me doubtful whether the financial strain imposed by the creation of a fleet on the scale which now appeared to be under contemplation would not be too severe a burden. Djemal Pasha replied that the cost was to be defrayed by voluntary contributions, but I said that it made little difference for it came from the pockets of a people already heavily overtaxed and it was in reality taxation in another form.

Admiral Limpus Pasha, however, I also spoke, said that the vessels would not be completed for three or four years so that it had no relation to the present political situation, but that it would have been better if the Government had said nothing about it at the present time, as the announcement had not really created an impression that the Government were at all anxious to interest us.

My Russian colleague referred in friendly manner to what he termed the progress which the Turkish fleet had made during the past few months. His naval attaché had followed it with attention, as it was naturally a matter which interested the Russian Government. He had been greatly struck with the all-round improvement recently effected, and at the attention paid to gunnery since the appointment of Djemal Pasha as Minister of Marine. The fleet is often now seen firing

* The "second" Dreadnought for the Reshadieh being the first, is the late Brazilian "Rio de Janeiro," purchased by the Turkish Government in 1913 from the proceeds of the Turkish loan and now named the "Osman I."

and practising gunnery in the sea of Marmora and Djema Pasha, who is a man of great character and determination and very hard working devotes his whole time and energies to his new and arduous duties

M de Giers said that the Greek Minister was seriously concerned at the progress which was being made, and, he added good humouredly, that it also concerned the Russian Government, who would be obliged to strengthen themselves in the Black Sea if the Turkish fleet became formidable

I have, &c.
LOUIS MALLET

[20770 No 100

Sir L. Mallet to Sir Edward Grey.—Received May 11

(No. 308.)
Sir, *Constantinople, May 6, 1914*

WITH reference to my despatch No 277 of the 20th April I transmit herewith further despatches respecting the emigration of Ottoman Greeks from Thrace and of Mussulmans from Macedonia

The accounts given by Mr Duss of the treatment of the Ottoman Greeks and the methods employed in inducing them to emigrate show a deplorable condition of affairs, which, however, it is difficult entirely to reconcile with Mr Morgan's reports on the condition and appearance of the Greeks arriving at Salonica Mr Morgan states that they show "no signs of ill-usage" and that "in general well clad and well nourished most of them "bringing their household belongings with them," which indicates that they had time to collect their goods and money before departure There are clearly two sides to this question I cannot well Mr Morgan's statement that the movement was originated and has been encouraged by the Committee—that is, by the Turkish Government, whose most prominent Ministers are the most influential members of the Committee—with the intention of reducing the number of Christians in the European province of Turkey and of increasing the Mussulman population as a bulwark against invasion

There is a great deal to be said for the Turkish point of view Granted the existence of Turkish rule in Europe however much we may condemn the methods recently employed, it is difficult to deny that the Ottoman Government are not justified in the interests of self-preservation in desiring to rid Thrace of a people who to a certain extent look in advance guard of Hellenism within the Empire, and to replace them by a population which is loyal to the Ottoman Whether they will not lose in the other direction by such a policy is another question, as the Greek element is economically more productive than the Mussulman But in view of the fact that the Turks have never been able to assimilate the alien elements which compose the Empire this becomes a secondary consideration

The dilemma is obvious By the exercise of a repressive policy towards Armenians and Greeks the Turks are depriving themselves of the most intelligent and progressive element in their Empire, and the measure of the sacrifice which this policy entails and of the inability of the Turks to govern their country unaided is the increasing number of foreign officials which they are employing

I have, &c
LOUIS MALLET

[21152] No 101

(A.)—Memorandum communicated to the Italian Ambassador, May 11, 1914

(Confidential.)
SIGNOR NOGARA'S letter of the 8th May to His Excellency the Italian Ambassador has been carefully examined, and it appears desirable in the interests of accuracy to deal with each of the points raised seriatim in order to make it clear where misapprehension and confusion have arisen

* Not printed.

The statements of Signor Nogara are underlined * and the comments thereon are subjoined in their proper order —

(1.) *Aujourd'hui je me suis rendu chez Messieurs Slaughter et May et Mr. Corbett m'a informé que la signature avait, en effet, eu lieu*

No signature has taken place, and Mr Corbett maintains that he made no such statement to Signor Nogara, but, on the contrary, that he made the positive statement to that gentleman that an agreement had been initialled *ad referendum*. The object of the British company in confining itself to initialling *ad referendum* as distinct from signing, the agreement reached with the Ottoman negotiators was precisely in order to avoid that imputation of bad faith which Signor Nogara has now so unjustifiably made not direct to the representatives of the company, but through diplomatic channels. The remaining charges contained in Signor Nogara's letter and the several counts of his subsequent indictment against the British company must be read in the light of this grave false premiss

(2.) *Il ressort que précédemment déjà constaté que la compagnie anglaise, par ses conclusions [sic] avec le Gouvernement ottoman, a gravement manqué à ses engagements envers moi*

1° *Parce qu'elle a accepté le Gouvernement ottoman des conditions que les deux parties s'étaient conjointement engagées à ne pas accepter*

The only engagement incurred by the British company to Signor Nogara was provisional and expressly conditional upon the assent of the Ottoman Government. In support of this statement reference is invited to article II of the "Heads of Agreement" between the British company and Signor Nogara, where it is expressly laid down that "it is to be a term of any agreement being entered into between the company and the syndicate that the following conditions shall be fulfilled." One of these conditions is that a guarantee shall be obtained for the company's old and new loans, and this condition the company has been unable to obtain. It has always been understood, moreover, and, indeed pressed with some insistence by Signor Nogara, that if the Ottoman Government declined this agreement thereby causing it to be cancelled, a further agreement should be negotiated accordingly between Signor Nogara and the company

(3.) 2° *Parce que par cette acceptation a été faite sans que je fusse consulté, ainsi que la compagnie en avait le strict obligation en vertu de la stipulation contenue dans l'article 2 des susdits préliminaires.*

The terms agreed to *ad referendum* by the company and the Ottoman negotiators on the 6th May were only provisionally approved by the Council on the 6th May, Signor Nogara would have been informed of this decision on the morning of the 7th May had he not failed to keep his understanding on his part to keep an appointment previously made with Mr Corbett The agreement was in fact initialled at 7 P.M. on that day, two hours before Munshir Bey left London. On the next morning Mr Corbett endeavoured to see Signor Nogara and did not succeed in doing so till 1 P.M., when he was informed of what had taken place The company had no obligation to inform Signor Nogara before an agreement was initialled *ad referendum*, though they did attempt to do so and failed through no fault of their own

Point 3 in Signor Nogara's letter concerns not the British company, but the Ottoman Government. It need only be said that the Ottoman negotiators laid some stress upon the conditional terms of the teskereh

Point 4° calls for no further observations beyond those made above under the head of point 2°.

Foreign Office, May 11, 1914

---

* Printed in italics.

[21152] No. 102.

(B) —*Memorandum communicated to the Italian Ambassador, May 11, 1914*

(Confidential.)

A SEPARATE memorandum has been prepared for the Italian Ambassador dealing with the specific points raised in Signor Nogara's letter of the 8th May on the subject of the Smyrna-Aidin Railway Company's negotiations.

Sir E. Grey now begs the honour to draw his Excellency's attention to what, in the opinion of His Majesty's Government are the central facts of the situation.

His Majesty's Government were at first asked not to place any obstacles in the way of an agreement between the Smyrna-Aidin Railway Company and the Italian syndicate, in the event they have gone further and put some pressure upon the company to meet Signor Nogara's views, though the company and their expert advisers are persuaded that a single line can connect them from Aidin to Adalia, and that the construction of a through railway interests of any importance northwards is in infringement of the company's rights under the Convention of 1908.

The construction of any such line would seriously affect the company's interests unless it were made subject to the conditions of the agreement initialled with Signor Nogara which the Ottoman Government have positively declined to accept, in the alternative, subject to the conditions of the agreement initialled on the 7th May.

The essential safeguards to the British company of the agreement initialled with Signor Nogara were on the guarantees, and on the provisions as to the rates. The Ottoman Government will not agree to these and have suggested another arrangement which is rendered less attractive to the company. Nevertheless, in order to reach a settlement, they are prepared to accept it.

It is true that it does involve a minor departure from the terms provisionally agreed with Signor Nogara, but it must not be overlooked that the company have agreed to various substantial modifications entirely in favour of the Italians, of the agreement as originally initialled, for which no corresponding advantages have been even offered.

The first concession made is that Signor Nogara may go west of Moughla to any point in the existing Bay of Ortakli which the Smyrna-Aidin Company agrees so far as it is concerned, to the construction by the Italians of a line which might be 100 kilom. long, as against the 25 extra kilom. to Moughla which the Ottoman Government now propose to concede to the Smyrna-Aidin Company.

The second concession is in regard to passenger rates.

While the company cannot feel justified in offering further inducements to Signor Nogara to agree to the proposed modification of the arrangement with him in regard to Moughla, what is essential if an arrangement is to be concluded with the Ottoman Government is a final settlement whereby, Sir E. Grey understands that they are prepared to offer, two further modifications for which Signor Nogara has repeatedly pressed:—

1. The modification of the Board of Trade arbitration clause in the manner already suggested by Signor Nogara's solicitors; and

2. The definition of the districts lying between the Aidin-Moughla and the Baldir-Adana lines in which further railway construction is to be undertaken by the company and the Italian syndicate respectively.

It should be clearly borne in mind that the Smyrna-Aidin company is an old-established British concern, which has long contemplated extensions in the regions now under discussion, any whose legitimate hopes of expansion is now invaded, it should also not be overlooked that the questions with which Signor Nogara is concerned form only a very small part of the negotiations with the Ottoman Government in which the company is engaged. In the negotiations, so far as the British company is concerned having together, and it is unreasonable to expect that the company should sacrifice, or indefinitely postpone, its larger settlement on account of a minor point of subordinary negotiations, viz., the question of the construction of 25 kilom. of railway, which can have no commercial importance for the Italian syndicate, but is made an essential condition of the acceptance of the whole scheme by the Ottoman Government.

His Majesty's Government would, as they have shown by their attitude throughout, have preferred that an agreement should be reached with Signor Nogara, but if that

agreement, in spite of continual and substantial concessions on the company's several fresh requests is unwilling to conclude an agreement in a spirit of conciliation and compromise, His Majesty's Government will be unable to continue the exercise of their good offices in favour of a settlement with the Italian syndicate as to do so would involve an unjust pressure upon British interests.

Foreign Office, May 11, 1914.

[21069] No. 103.

Prince Lichnowsky to Sir Edward Grey.— Received May 12.)

(Translation.)

Your Excellency, *German Embassy, May 11, 1914.*

IN accordance with my instructions I have the honour to make the following communication to your Excellency with regard to the question of the allocation of irrigation works in Mesopotamia.

The Imperial Government attach the utmost importance, with the view to averting future misunderstandings to the maintenance of the principle of open competition for the irrigation works in Mesopotamia, and they would gladly welcome the creation of conditions tending to prevent too keen a competition which might cause unnecessary and undesirable consequences upon general relations. The Imperial Government therefore propose the following wording for the settlement of the above-mentioned question:—

"His Britannic Majesty's Government and the Imperial German Government will continue using their good offices with the Imperial Ottoman Government to secure that the principle of open competition as regards contracts or concessions for the execution of future works of irrigation in Mesopotamia shall be upheld.

"The Imperial German Government declare that they will not oppose a minor British participation in any contracts or concessions which may be allotted to German subjects, provided such participation is by the Government considered to be less favourably disposed towards holding such contracts or concessions.

"His Britannic Majesty's Government, for their part, declare that they will not oppose a minor German participation in any contracts or concessions which may be allotted to British subjects, provided that such participation is deemed commercially less desirable by the parties holding such contracts or concessions."

The Imperial Government would have preferred to regulate the agreement respecting the irrigation question in a special exchange of notes, but they are also prepared to agree, should such be your Excellency's wish, to the foregoing principles being embodied in the Baghdad Railway Treaty. The Imperial Government further propose the following exchange of notes:—

(Translation.)

"The Imperial Government will raise no opposition to those irrigation works in Mesopotamia, which have already been put up to open competition and for which the period for the receipt of tenders has expired, without any but English firms having made detailed offers complying with the conditions attached to the submission of tenders and so justifying adjudication, being handed over by the Porte to the English contractors, nor will they support the competitive efforts of German nationals.

"The British Government will furnish the Imperial Government with an authentic list, giving accurately the number and scope of irrigation works claimed under the foregoing.

"The British Government will raise no opposition to the irrigation of Adana, for which, in virtue of treaties with the Turkish Government, German nationals have already carried out considerable preliminary work, being ultimately handed over by the Porte to the German contractors, nor will they support the competitive efforts of British nationals."

If the British Government agree to the foregoing proposals the Imperial Government, as a special proof of their desire to meet your Excellency's wishes would renounce their demand for the insertion of article 7 8, in the draft agreement respecting the Baghdad Railway, the negotiations which have taken place up to the present having shown that this article would have given rise to considerable difficulties.

The Imperial Government have only decided on this renunciation after much consideration, and they only take this step in the firm confidence that in the event of natural causes impairing the navigability of the Shatt-el-Arab or rendering Basra inaccessible to sea-going vessels the British Government would in concert with the German Government take such measures in accordance with the spirit of the convention as the situation might require.

In the event of the foregoing proposals of the German Government being accepted, complete agreement should be reached on all points connected with the draft convention, and I should be grateful if your Excellency would be so good as to inform me when initialling of the draft convention may be contemplated.

I have &c.
LICHNOWSKY.

[21152] No. 104.

Sir E. Grey to Sir R. Rodd.

(No. 111.)
(Telegraphic.)

Foreign Office, May 12, 1914.

ADALIA negotiations.

Italian Ambassador has received repeated instructions from his Government, made the most persistent efforts to get His Majesty's Government to put pressure on the Smyrna-Aidin Company in order to make them agree to provision allowing extension of Italian line west of Moughla to Gulf of Makri by certain terms of agreement arrived at between the company and Signor Nogara. With every desire to meet Italian wishes, His Majesty's Government are quite unable to do this. The British company has made serious sacrifices in order to give Italians a footing within their own natural sphere of expansion. They have done this on certain conditions which under pressure they have now practically conceded, extension south-west of Moughla to Gulf of Gerova, but they cannot go further without grave detriment to their own interests. As Italian Ambassador is aware, I should be glad if your Excellency would inform him of decision as soon as possible.

A further difficulty has now arisen. The company's agreement with Nogara was subject to its being accepted by Turkey. After a month's negotiation with Turkish commissioners the company have failed to get the scheme accepted as it stood. Turkey has absolutely refused to concede the desired financial guarantees, and company has had to reduce its demands considerably and accept instead an arrangement which gives certain immediate profits from existing lines. On this basis an agreement has been initialled by them with Hakki Bey on behalf of Turks. The Turks have in this draft agreement insisted on the company's making them a present of the Italian narrow gauge line from Tenaza to Moughla (about half way with through. Moreover the company are prepared to make some further minor concessions to Nogara to compensate him for the loss of those 25 kilom., which can have no commercial value whatever for the Italians. Nevertheless Nogara and Italian Ambassador are declaring it impossible to agree to this. Their attitude is most unfortunate, as result of persisting in it can only be to wreck the whole agreement. A memorandum fully explaining the position was handed to the Ambassador to-day. Copy is going to your Excellency by post. Please make it clear to Minister for Foreign Affairs that continuance of my support of the Italian syndicate's schemes must be dependent on their coming to an agreement with the British company on lines which will enable the latter to come to terms with Turkey in respect of their general negotiations, into which the Italian projects have been imported out of a desire to meet the wishes of the Italian Government, but of which those projects form a minor part. The company cannot reasonably be asked to forgo their general settlement with Turkey merely because Signor Nogara insists on obtaining those 25 kilom. of railway which Turkey refuses to concede to him.

(Repeated to Constantinople No. 221.)

[21386] No. 105.

Board of Trade to Foreign Office.—(Received May 13.)

(Confidential.)

Sir,

Board of Trade, May 12, 1914.

I AM directed by the Board of Trade to acknowledge the receipt of your letter of the 6th May transmitting copy of a letter, with enclosures in original, from the Central Mining and Investment Corporation on the subject of oil concessions in Mesopotamia, together with a draft reply.

The Board concur generally in the terms of the reply which Sir E. Grey proposes to address to the company, but they are disposed to think that the phrase on p. 2 of the draft to the effect that certain interests were "formally granted" to Mr. D'Arcy, may give rise to some misunderstanding, as they appear to imply an actual grant of a concession. I am to suggest therefore, for Sir E. Grey's consideration, that the words "tendered assent" might be substituted for those quoted above.

As regards the concessions sought, the Board concur with Sir E. Grey that Mr. Silley may be supported subject to a satisfactory undertaking on his part of the attitude suggested.

Copies of your letter with its original enclosures and of this reply have been forwarded to the Admiralty.

I am &c.
GEO. J. STANLEY.

[20259] No. 106.

Foreign Office to Admiralty.

(Confidential.)

Sir,

Foreign Office, May 13, 1914.

I AM directed by Secretary Sir E. Grey to acknowledge the receipt of your letters of the 4th and 6th instant respecting the Turkish Petroleum Company.

He had understood that if His Majesty's Government acquired a controlling interest in the Anglo-Persian Oil Company, one condition, and in his opinion a very essential one, would be that the company should be kept as far as possible distinct from any connection with Mesopotamian concession, and I was to observe that there would be grave objections of foreign policy to His Majesty's Government becoming interested through a company which they are to control, in the Mesopotamian oil concessions. Such a commitment would almost inevitably entail a claim for a corresponding Russian Government control of oil concessions in Armenia and of French Government control for concessions in Syria, and it is impossible to view with indifference the possibility of such political interests being created in different portions of the Ottoman Empire, the integrity of which is the object upon the maintenance of the integrity of that Empire.

In the communications with the Ottoman and German representatives in recent negotiations about the Mesopotamian concession Sir E. Grey has caused emphasis to be laid upon the distinction that it was the D'Arcy group, and not the Anglo-Persian Oil Company with which we were negotiating, and I am to draw your special attention to the wording of the agreement of the 19th March 1914, and to the significance attached thereto "on behalf of the D'Arcy group."

Mr. Crackanthorpe of the French Government enquired whether His Majesty's Government had a pecuniary interest in the Mesopotamian concession, as they had learnt that the above agreement had been signed on behalf of His Majesty's Government. They were informed in reply that His Majesty's Government had no such financial interest, and that the agreement was signed on behalf of His Majesty's Government merely in order to enable the other concurrent parties of the agreement

I am to express Sir E. Grey's earnest hope that the arrangements suggested in your letter and more especially in paragraphs 1, 2, and 3 may be reconsidered, in view of the difficulties which would be involved in the Anglo-Persian Oil Company's providing the capital proposed and in that company's directors accepting seats on the Board of the Turkish Petroleum Company unless they first resign from the Board of the former company. This reservation applies more especially to Sir Hugh Barnes, who, as you are aware, has been proposed for the post of chairman of the Turkish Petroleum Company.

In regard to paragraph 6 of your letter Mr Greenway repeatedly stressed in the course of protracted negotiations which have taken place, that if satisfactory arrangements were made with the Admiralty on behalf of the Anglo-Persian Oil Company, a danger which might otherwise be apprehended, owing to unfair competition from the Mesopotamian oilfields being in other hands, could be virtually disregarded. In other words, that the danger was principally due to the reactive weakness financial position of the Anglo-Persian Oil Company and its consequent inability to face competition. Sir E. Grey now gathers that this view is not fully shared by the Lords Commissioners of the Admiralty, but he trusts nevertheless that it may be possible to devise other means than those suggested for ensuring that the Turkish Petroleum Company shall remain, as regards at least 50 per cent. of its voting capital, British. A proposal indeed has been tentatively and unofficially put before this Department by the Board of Trade to the effect that the necessary capital should be furnished by the Burma Oil Company. If satisfactory arrangements can be made for securing that the Burma Oil Company does not change its nationality or that the control of its affairs does not pass into foreign hands, this proposal would seem to meet the requirements of the situation. It would not be objectionable from the point of view of foreign policy, as the Burma Oil Company with its longer native connection, its existing interest in the Anglo-Persian Oil Company which the proposed agreement with His Majesty's Government would terminate.

It appears to Sir E. Grey that it would be well that the advantageous if the details of this proposal were considered by your Department in direct consultation with the Board of Trade to whom a copy of this letter has been sent.

I am, &c.
EYRE A. CROWE.

[21324] No. 107

Sir L. Mallet to Sir Edward Grey.—(Received May 15.)

(No. 310. Confidential.)
Sir, *Constantinople, May 8, 1914.*

I transmit herewith copy of a despatch from His Majesty's Consul at Basra, respecting the negotiations with Ibn Saud.

The anxious enquiries of the new Vali of Basra respecting the relations with Ibn Saud and the objects and intentions of His Majesty's Government in regard to him no doubt reflect the fears of the Turkish Government, and the Vali probably assures me that he has absolute confidence in the intention of His Majesty's Government to abide by the letter and spirit of the agreement of the 29th July. It is probably but an Oriental manner of illustrating that he has strong proofs of British loyalty.

Since the date of Mr. Crow's despatch of the 7th April Ibn Saud has arrived at Kuweit, so that he will no doubt have somewhat modified his previous attitude and has decided on the speedy start of the negotiations between Ibn Saud and the Turkish Government, which, I understand, it is desirable should succeed, unless His Majesty's Government are desirous of finding a pretext to ensure that there should be nothing to any agreement which may be made of a nature hostile to British interests.

My reason for venturing to question the wisdom of deprecating the bestowal of a Turkish decoration on the Sheikh at this moment was to ask if there is not to give any pretext to the Turkish Government for suspecting that His Majesty's Government were attempting to intervene to prevent an understanding with Ibn Saud as it seemed to me that the object of the Imperial decoration of the Sheikh at this juncture might be to secure his good-will and assistance.

From remarks made to me by Vahan Bey, I gathered, however, that you had already spoken to Hakki Pasha on the subject, and that the bestowal of the decoration would be deferred if the negotiations which was to confer it had not already reached Kuweit. Should the negotiators break down there is always a risk that hostilities might be engaged before the mention of His Majesty's Government, even if it had been accepted by Turkey, could take effect. It would seem, therefore, much to be desired that the negotiations should succeed, and, quite apart from the impression which would be created here, it is the highest degree unfortunate if they should break down owing to any impression created in Ibn Saud's mind that His Majesty's Government are indifferent to their success.

I have been careful to explain to Talaat Bey the reasons for the interest which His Majesty's Government are bound to feel in the question, but even if I had been successful in convincing the Minister himself, it is certain that suspicions of our intentions must exist in the minds of many of the subordinate Turkish officials which will only be increased by the transmission of letters to Ibn Saud, signed by the political agent, however innocent their contents.

I have &c.
LOUIS MALLET

Enclosure in No. 107

Major Cox to Sir L. Mallet.

(No. 23.)
Sir, *Bushire, April 7, 1914.*

WITH reference to your Excellency's telegram No. 21 of the 2nd April and the visit of Major Omar Fuzi to Kuweit I have the honour to transmit herewith the following extract from the diary of the political agent at Kuweit for March which has just reached me. I send this immediately as it contains references to Turkish movements and other matters.

"At an interview with the political agent and with the Sheikh at Kuweit at Mohammerah, Sheikh Mubarak informed him that the new Vali of Basra on exchange of visits with him when passing through Mohammerah, had enquired from him exactly regarding the relations of His Majesty's Government with Ibn Saud, and their objects and intentions in the Arab country on the shore of the Persian Gulf. The Sheikh returned diplomatic replies. He said that it was quite a mistake to think that Ibn Saud had received or will receive any assistance from the British Government against the Turks, and that His Majesty's Government had no objection whatever, as far as he knew beyond the pretext of the Mohammerah expedition, to the encouragement of their interests and the preservation of law and order generally. The Vali also questioned Sheikh Mubarak regarding the relations with Egypt and was told in reply that the friendship which had existed between his ancestors and the British Government for generations was a source of strength and satisfaction to the ruler of Kuweit. To this the Vali is said to have returned no answer.

"At another interview with the political agent Sheikh Mubarak on the 2nd March the latter intimated that a British officer had arrived at the Turkish War Department in Constantinople with reports by Ibn Saud to Sheikh Mubarak to arrange an interview between the latter and Ibn Saud, if possible, at Kuweit. The Sheikh told the Bombay Grand Chief that this was a fiction on the part of the Turks, and asked him for his effect take into Nejd a trustworthy agent to see Ibn Saud. Sheikh Mubarak replied that at the present time there was no dispute between Ibn Saud and the Turks of any sort. He expressed the opinion that if any attention were paid to the Turks there would be no other interviews with Sheikh Mubarak, but so far as the political agent was informed his reports have been true.

"Sheikh Mubarak asked the political agent on the 20th March what he supposed was the reply given to the Bunder Abbas message, that is, the opinion of His Majesty's representative, he was wise in not trying to go beyond his instructions in matters which did not concern him. The replies not appear to be at variance with reports which have reached Bahrein. Sheikh Mubarak, who has received no communication from Ibn Saud, is strongly of opinion that the anti-Turkish feeling among the Arabs of Nejd is so strong that Ibn Saud will not find it possible to make any compromise with the Ottoman Government, even if he wished to do so. The Bunbashi left for Basra by the last steamer of the 25th March."

I will keep your Excellency informed by telegraph of any developments as instructed.

I have, &c.
F. E. CROW.

[21621.] No. 108.

Sir R. Rodd to Sir Edward Grey.—(Received May 14.)

(No. 80.) *Rome, May 14, 1914.*
(Telegraphic.)

YOUR telegram No. 119 of 12th May. Anglo-Italian negotiations.

I sent memorandum to Minister for Foreign Affairs last night, making it clear that His Majesty's Government would not urge British company to grant any further concessions, and that no more must be expected. Also explained in detail why Nogara's claim to 25-kilom. narrow-gauge railway must be abandoned if a final and amicable settlement satisfactory to all parties was to be developed for.

Minister for Foreign Affairs has just informed me in writing that he has telegraphed on the receipt of memorandum, to Italian Ambassador reviewing his conversations and directing him to sign agreement without any further delay. His Excellency feels certain that speedy and satisfactory solution will now be found which is his earnest desire.

He has since explained to me verbally that Italian Government are most anxious to settle the question of evacuation of islands at once with Turkey as it is costing Italy money. In order to concentrate certain parliamentary parties it is necessary, as he has pointed out before, to show substantial concessions from Turkey elsewhere to compensate for evacuation. A long list had been presented to the Turkish Government, drawn up, as his Excellency admitted, on Oriental lines, asking for much more than was expected, but, as British company had been unable to grant extensions west of Moughla, Italian ambition in this direction had had to be curtailed.

I pointed out that British company had made considerable concessions to the south-west of that place, and intimated that it was useless to pursue Oriental methods with British company or to expect His Majesty's Government to support Italian syndicate's scheme unless they came to terms with British company.

Minister for Foreign Affairs said that this was his sincere wish, and that he had telegraphed to London on the receipt of my memorandum. He trusted that an agreement would now be speedily concluded, and I assured him that this was also the desire of His Majesty's Government, who had done all in their power to bring it about.

[21069] No. 109.

Foreign Office to India Office.

Foreign Office, May 14, 1914.

Sir,

THE Secretary of State for India is already aware, from copies of recorded minutes which have been sent to your Department of the discussions which have taken place with the Counsellor of the German Embassy in London on the subject of irrigation works in Asiatic Turkey, in Mesopotamia and elsewhere, that His Lordship has already had before him a copy of the draft tentatively discussed with Herr von Kühlmann, of an Anglo-German agreement on this question.

The German Government have now sent a note of which a translation is herewith,* formally proposed the wording of an agreement which would limit German and British Governments to uphold the principle of open competition in regard to such works in Mesopotamia, while, in regard to certain sections of irrigation works in Mesopotamia already put out to tender, they propose that there should be an exchange of notes between the two Governments in order to make an exception in favour of British firms, to the principle of open competition and that a similar exception should be made in favour of German firms, in regard to irrigation works at Adana. It will be observed, however, that the Adana works would not in any case fall within the provisions of the agreement relating to open competition in Mesopotamia.

Sir E. Grey would be glad to have the views of the Marquess of Crewe in regard to these proposals, and I am to make the following observations for his Lordship's consideration.

1. The principle of open competition as under the German draft, now communicated, Mesopotamia. In view of this limitation Sir E. Grey considers that His Majesty's

* No. 103.

Government would be justified, either in the treaty itself or in the proposed exchange of notes dealing with exceptions to the general principle, in stipulating that below Kurna (where irrigation, though restricted in extent and unlikely to involve any large contracts, has close connection with the conservancy of the Shatt-el-Arab) the Shatt-el-Arab Commissioners shall have complete freedom of action in regard to any irrigation works which may be undertaken. This contention might further be supported by the consideration that His Majesty's Government have practically and for all future time the sole responsibility for the improvement of the entrance of the Shatt-el-Arab.

2. The principle of open competition is not altogether free from objection in certain respects, and in the case of Adana is less open to objection than in any other area for which it can be secured by treaty. One danger is that tenders may be made by unscrupulous contractors at extremely high rates in the hopes of subsequent modification of the conditions when the work is in progress, and it is said that owing to rebates which are given to the railway companies, the Ottoman Government at Berlin or the German railway experts of material, building materials for German contractors might have a considerable advantage in competition. These rebates do not appear to be secured when they are granted in respect of railways lying entirely within Turkish territory, but it is understood that they are granted in respect of railways forming part of through routes, including lines in Germany. Another danger is that, for political reasons, German contractors, like their Government, have a special regard to their operations on the Asiatic railways, and might be controlled by their Government in exceptional circumstances. The bearing of these considerations is being considered by the Board of Trade, and possibly some suggestion may be made for the insertion in the wording of the contracts of a clause, not only to put upon open tender, but that the prices must be such as to afford reasonable commercial remuneration. The second paragraph of Prince Lichnowsky's note might perhaps afford an opening for some such stipulation.

Sir E. Grey is disposed to regard it to the German desire to secure the agreement about irrigation in a special exchange of notes, provided they could be simultaneously published simultaneously with the Anglo-German Convention, while he would prefer to embody the agreement as a schedule to the Convention as being the simpler course, but he does not consider this question of principle importance. He proposes, however, to insist upon the article drawn up in regard to the special works in Mesopotamia tendered for in 1912 being inserted in the Anglo-Turkish Convention, and for the reasons already stated he is unwilling that it should be modified as proposed on behalf of the German Government.

I am to suggest that Lord Crewe might, with a view to receiving as early a reply as possible, if your Department were to communicate immediately with the Board of Trade, to whom a copy of this letter has been sent, on the subject referred to above.

Sir E. Grey also wishes to state that the German Government have agreed to the attached (No. 7) form of the German counter-draft in regard to the arrangements for the Shatt-el-Arab, becoming note subject to certain alterations which he proposes in replying thereto to take note of the observations which he addressed to Prince Lichnowsky on this subject.

I am, &c.
CYRIL A. CROWE.

21793.] No. 110.

Messrs. Trouncer, Hopgood and Co. to Foreign Office.—(Received May 15.)

7, Bloomsbury Square, London, May 13, 1914.

Sir,

RE SILLEY Mesopotamian oilfields.

We sent Mr. Silley a copy of the statement prepared at the suggestion of the Foreign Office setting out certain facts with regard to their relations with the Turkish Petroleum Company and others interested in concessions in Asia Minor.

Mr. Silley desires us to recapitulate the position at the present time with regard to Turkish mining laws which have existed for forty years or more and have been revised at various dates, the last amending Edict the 28th March 1906, a position with which you are doubtless familiar.

About twelve years ago the deposed Sultan Abdul Hamid granted the Civil List Estate a prospecting concession over Mosul and Bagdad, giving it the

21802 No. 111

Foreign Office to Foreign Office (Received May 16)

Foreign Office, May 15, 1914.

Sir,

I have the honour to inform you that I have taken into consideration your letter of the 9th instant, forwarding the Memorandum of Messrs. Holmes, Bigg, Farnham & Co. on the subject of the Persian Gulf Customs Service, and I request that you will inform the Secretary of State for India that I concur in the opinion expressed by the Law Officers of the Crown that the Persian Government have no right to levy customs duties on goods imported into the Persian Gulf ports by British subjects, and that the Persian Government should be informed that His Majesty's Government cannot admit the right of the Persian Government to levy such duties.

I am, &c.

(for) E. GREY.

The Under Secretary of State,
India Office.

21803 No. 112

Foreign Office to Foreign Office (Received May 16)

Foreign Office, May 15, 1914.

Sir,

I have the honour to inform you that I have taken into consideration your letter of the 9th instant, forwarding the Memorandum of Messrs. Holmes, Bigg, Farnham & Co. on the subject of the Persian Gulf Customs Service, and I request that you will inform the Secretary of State for India that I concur in the opinion expressed by the Law Officers of the Crown that the Persian Government have no right to levy customs duties on goods imported into the Persian Gulf ports by British subjects, and that the Persian Government should be informed that His Majesty's Government cannot admit the right of the Persian Government to levy such duties.

I am, &c.

(for) E. GREY.

The Under Secretary of State,
India Office.

should be seen to be predominant therein. He would therefore strongly prefer whatever arrangement is most likely to obtain contracts for works on the Shatt-el-Arab for British firms. Whether this can best be effected by open competition or by relying on the influence of the British member of the Riverain Commission is a matter for consideration, but, as regards the former, the larger must be borne in mind, that German firms may, for political purposes, be encouraged by their Government to tender at rates with which competition on a strictly commercial basis may be impossible.

As regards the connection of conservancy with irrigation works, his Lordship understands that the date groves below Kurna are mainly fertilised by water which is forced up the river by the incoming tide, and it appears to him that training works on the Shatt-el-Arab would more naturally be regarded as part of the conservancy of the river rather than as irrigation works. Moreover, in view of the importance to British interests of keeping the river open for navigation, His Majesty's Government must necessarily regard conservancy as taking precedence over irrigation. His Lordship would therefore ask whether it is possible to provide that the new article in the Anglo-German Convention relating to irrigation should not apply south of Kurna, and that between Kurna and the Gulf all works of the river, whether for irrigation or conservancy, shall be placed under the control of the Riverain Commission.

His Lordship is consulting the Government of India regarding the salaries and personnel of the Riverain Commission, and will address you further in regard to this in receipt of their reply.

I am, &c.
(Signed) LOUIS W. HOLDERNESS.

[21809] No. 112

Sir L. Mallet to Sir Edward Grey.—(Received May 15.)

No. 287.) *Constantinople, May 15, 1914.*
(Telegraphic.) R.

FOLLOWING from His Majesty's consul at Basra, No. 11:

"Colonel Grey's report of the Koweit meeting, which has just reached me from Bushire, does not bear out Turkish statement reported in my telegram No. 38. Turkish account says negotiations broke down on question of reinstatement of Turkish garrison which Sheik refused to accept, and that Turks used threatening language. Sheik proposed to retain country under Turkish suzerainty, offer 5,000 liras per annum, and place his forces at the disposal of Turkey if required.

"I am, without further information here."

[21793] No. 113

Sir Edward Grey to Sir L. Mallet.

(No. 225.) *Foreign Office, May 15, 1914.*
(Telegraphic.) R.

YOUR telegram No. 230 of 10th April: Mesopotamian Railways.

Mr. Sidney's sanctions represent:—

1. That he has a valid claim according to Turkish Mining Law to petroleum licences in Mosul and Baghdad.

2. That Ottoman Government reply to him that this claim cannot be satisfied owing to diplomatic support given by British and German Governments to Turkish Petroleum Company.

4. That Ottoman Government are therefore being compelled by *force majeure* to violate their own laws.

1. That our action is legally indefensible even if it may be politically expedient.

5. That His Majesty's Government should disavow such action.

6. That failing 5. His Majesty's Government should at least support Mr. Sidney in claiming compensation from Ottoman Government. This is difficult to do, as it involves payment of compensation by Ottoman Government as a result of their compliance with our demands, though the claim would never have arisen if they had not granted Licences in conflict with their prior obligations.

I cannot reply to these representations without your Excellency's views (*a*) as to legal position, and (*b*) as to best practical solution of the difficulty.

Please telegraph an early reply.

[21621] No. 114

Sir Edward Grey to Sir R. Rodd.

No. 121.) *Foreign Office, May 15, 1914.*
(Telegraphic.) R.

ADATIA negotiations.

Your Excellency's telegram No. 80 of 14th May.

Please thank Minister for Foreign Affairs for his attitude as explained by your Excellency. Difficulty unfortunately continues. For whilst Sir G. Nogara was arriving at complete understanding with Brussat company on the basis of the latter's various concessions referred to in my previous telegram, we were informed recently by Nogara at the Italian Assistant Foreign Minister withheld his assent to the agreement at the last moment, apparently despite the detailed explanations and hopeful views of his Excellency in our memorandum of 11th May, based on Nogara's own behalf that British company were entitled straightforwardly, and assertion which seems an extraordinary one to us, the business matter which the company have spent considerable expense to themselves and to their interests, practically on Nogara's hands. Assistant Minister rests that moreover it cannot from his own responsibility towards his Government, he must have formal withdrawal from this Majesty's Government that agreements between British company and Ottoman Government cannot be invoked by latter in order to refuse any further concessions" that may at any future date be more specifically Nogara's objection to the provisions of his agreement with the British company. The alleged objection of Sir G. Nogara is not clear to us, but we apparently Sir G. Nogara is among other things that the Brussat company should enter into entirely fresh obligations with new Ottoman Government to the effect that they will not in future grant to any other person or company any concession interfering between the two proposed pipe-lines. We consider reason and have no intention to do more than we have already done to secure for Italy the same concessions as really agreed upon in the natural sphere of the British company.

Italian Ambassador to whom above has been explained, is again telegraphing to Rome. I should be glad if you could persuade Minister for Foreign Affairs to send such instructions as his Excellency is willing, finally overcome his hesitation to assume responsibility for preventing signature of agreement which Nogara himself appears to consider acceptable.

(Repeated to Constantinople No. 221.)

[21386] No. 115

Foreign Office to Central Mining and Investment Corporation.

(Confidential.) *Foreign Office, May 15, 1914.*

SIR,

I AM directed by Secretary Sir E. Grey to acknowledge the receipt of your letter of the 8th instant respecting petroleum rights in the vilayets of Mosul, Bagdad, and Basra, a subject in regard to which Lord Cowdray had an interview at this Office on the 6th ultimo, and Lord Murray of Elibank a further interview on the 1st instant.

I am to inform you that, under article 2 of the Baghdad Railway Convention dated the 5th March, 1903, the Ottoman Government granted to the concessionaire company the right to work any mines they might discover within a zone of 20 kilometres on each side of the railway, and that, in two subsequent notes, the Ottoman Government promised to Mr. D'Arcy, a British subject who was the first to apply for the support of His Majesty's Government and to whom that support was formally promised, and has consistently been given, a concession for the oil deposits of Mosul and Baghdad.

After prolonged negotiations, the interests of the Baghdad Railway Company, equally under a formal international convention, and those of Mr. D'Arcy which were equally assured were merged, on terms which, in the opinion of His Majesty's Government, sufficiently protect all British interests, in the Turkish Petroleum

Company a company which both His Majesty's Government and the German Government have undertaken to support. The due grant of the concession to this company has been made an essential condition of the assent of His Majesty's Government to the desired increase of the Turkish customs dues from 11 per cent to 15 per cent *ad valorem*, and to the abolition of octroi throughout Turkey.

With regard to the enclosure in my letter I have to add that His Majesty's Government have duly submitted it to the Grand Vizier which is now in session, and the answer of the Porte will be brought before both Lord Cowley and Lord Murray of Elibank as soon as they arrive.

In the circumstances explained in my letter I do not think that Sir S. Barclay is likely to experience any assistance or support at Constantinople.

I am, &c.
EYRE A. CROWE

[21793] No. 116.

Sir I. Corbett to Sir E. Grey.

(No. 227.) *Foreign Office, May 11, 1911.*
(Telegraphic.) R.

MY telegram No. 226 of 11th May. Mesopotamia railways.

Have you any objection to Messrs. Lindley's continuing their prospecting here?

Is there any legal authority for certain documents to be sent by the solicitors that rights conferred under Article 22 of Baghdad Railway Convention of 1903 became void unless certain steps were taken in 1908?

[21987] No. 117.

Sir G. Lowther to Sir E. Grey.—(Received May 17.)

(No. 144.) *Constantinople, May 11, 1911.*
(Telegraphic.) R.

MINISTER for Foreign Affairs told me yesterday that he had received a telegram from Nejd reporting that Ibn Saud had accepted the Turkish proposal of 20,000 pounds per annum for Nejd, and that he was about to send a mission to Constantinople to thank the Sultan for his generosity. He added that he hoped that the Sultan would receive the mission graciously, as Ibn Saud was a man of influence and power, and it was important to maintain friendly relations with him.

I have since learned from another source that Ibn Saud has refused the offer, and that the mission will not be received.

[22042] No. 118.

Sir L. Mallet to Sir Edward Grey.—(Received May 18.)

(No. 275.) *Constantinople, May 12, 1911.*
Sir,

IN my telegram dated the 8th May, which I repeated to you in my telegram No. 281 of the 9th instant, His Majesty's consul at Basra reported the return from Koweit of the Turkish commissioner charged with the negotiations with Ibn Saud. The object of the mission is to endeavour to arrive at a modus vivendi between His Majesty's Government and the Porte in regard to their relations with Nejd from the Turkish Government's point of view.

The policy of His Majesty's Government, as I understand it, has been directed to three ends only, namely, (1) to secure to British subjects free access to and proper treatment in Nejd, and more especially in the coastal regions, (2) to avert developments

in that region which would disturb the general peace of the Gulf, in the interests of British subjects there and (3) to prevent or to at least postpone anything which might encourage general Arabic or Turkish discontent with the existing conditions in Asia.

His Majesty's Government have by the agreement of July last secured the first of these objects. Owing to the Nejd question having for years past been the chief source of anxiety and personal assistance which the Government recently thought the Porte had received from Ibn Saud, and to the latter's hostile attitude towards El Hassa, which is a province of the Ottoman Empire, His Majesty's Government, it seemed to me, could only, in other words, acquire the right to call Ibn Saud to account for any future acts of aggression against El Hassa if they first admitted that the Porte had a right to call him to account for his past acts of aggression against El Hassa. So far as Ibn Saud himself is concerned, he could not be more than a nominal vassal of the Porte, and the Turkish Government would find it difficult to enforce any claim to his allegiance. Nevertheless, the Government of India, as well as His Majesty's Government, considered that it would be unwise to treat Ibn Saud as an enemy, as the special position of the Gulf would thereby be seriously affected, and the whole of El Hassa would be lost to the Ottoman Empire.

Turning to the third object, I need only remind you that its attainment depended on the Porte's willingness to grant to Ibn Saud the status of an Ottoman Arab governor of a province of the Empire, and to recognize his hereditary right to the succession. It was considered that the Porte might be induced to do this if Ibn Saud could be persuaded to accept the position of a Turkish governor, and to submit to the payment of a fixed annual subsidy.

I have analysed above the objects which, in the opinion of His Majesty's Government, ought to be kept in view by Ibn Saud in his negotiations with the Porte. It is for the Turkish Government to decide whether they will be able to induce His Majesty's Government to abandon their present policy, and to accept the proposals which Ibn Saud is now said to have made. I have, &c.
L. MALLET.

[22042] No. 119.

Sir E. Grey to Sir L. Mallet.

(No. 275.) *Foreign Office, May 18, 1911.*
Sir,

I HAVE received your despatch No. 275 of the 12th instant, reporting the arrival at Koweit of a Turkish commissioner charged with negotiations with Ibn Saud, and the object of the mission.

I approve the language which you held to the Minister for Foreign Affairs in your interview with him on the 11th instant, as reported in your telegram No. 144 of that date.

It is clear that the Turkish Government would like to settle the Nejd question, and that they would welcome the assistance of His Majesty's Government in doing so.

In March of last year the Porte informed us that they were willing to come to an arrangement with Ibn Saud, and that they were prepared to grant him a subsidy of 20,000 pounds per annum, provided that he would accept the position of a Turkish governor. Ibn Saud, however, refused to do this, and the negotiations fell through.

Ibn Saud's objection to the proposal was that he would thereby lose his independence, and that the Turkish Government would then be able to interfere in Nejd affairs, and to establish garrisons there. He would also be required to pay taxes, which he has hitherto been free from paying.

It was clear that Ibn Saud's objection to the proposal was well founded, and that the Turkish Government could not expect him to accept it.

In March of last year the Porte informed us that they were willing to come to an arrangement with Ibn Saud, and that they were prepared to grant him a subsidy of 20,000 pounds per annum, provided that he would accept the position of a Turkish governor. Ibn Saud, however, refused to do this, and the negotiations fell through.

Ibn Saud's objection to the proposal was that he would thereby lose his independence, and that the Turkish Government would then be able to interfere in Nejd affairs, and to establish garrisons there. He would also be required to pay taxes, which he has hitherto been free from paying.

It was clear that Ibn Saud's objection to the proposal was well founded, and that the Turkish Government could not expect him to accept it.

In March of last year the Porte informed us that they were willing to come to an arrangement with Ibn Saud, and that they were prepared to grant him a subsidy of 20,000 pounds per annum, provided that he would accept the position of a Turkish governor. Ibn Saud, however, refused to do this, and the negotiations fell through.

Ibn Saud's objection to the proposal was that he would thereby lose his independence, and that the Turkish Government would then be able to interfere in Nejd affairs, and to establish garrisons there. He would also be required to pay taxes, which he has hitherto been free from paying.

It was clear that Ibn Saud's objection to the proposal was well founded, and that the Turkish Government could not expect him to accept it.

our only desire is to promote peace in Arabia and the integrity of the Empire they will say, or rather think, without saying it, that for us to treat Ibn Saud in a way which he and all his neighbours will construe as a sort of recognition of his *de facto* independence is a singular way of helping them to keep their Empire together. If we say that we have axes to grind in the Ottoman world in Turkey, and foresee no profit to ourselves in an upheaval, they will receive our assurances with the politest incredulity.

Other events have recently occurred which, taken in connection with the affairs of the Gulf, may have increased the Turkish suspicions of the trend of British policy.

The Aziz Ali agitation, which moved Arab opinion over a wide area and in connection with which my action was purely humanitarian, was rendered futile by misrepresentation by the anti-Secret violence and partisanship of the Times. It was the conviction of the Central Vizier that Aziz Ali had been employed by the Khedive in connection with his endeavours to persuade the Shaikh of the Senussi to make peace with the Italians, and it is not impossible that the Turkish Government may have some sort of evidence to support this supposition. In any case whether they could not object openly to such action on the part of Aziz Ali, but they have certainly resented the Khedive's intrigues with the Senussi as the violence of the Grand Vizier's language respecting His Highness's movements, which they may regard as a further indication of British interference in Arab politics.

I do not wish to exaggerate the risk of arousing Turkish suspicions lest it must not be forgotten that there are people here whose interest lies in maintaining an atmosphere of distrust between Great Britain and Turkey which makes it all-important to avoid any cause of offence.

I have &c.
LOUIS MALLET

[22310] No. 119

Sir L. Mallet to Sir Edward Grey. (Received May 18)

(No. 200.) *Constantinople, May 18, 1914*
(Telegraphic) R.

MY telegram No. 277 of 7th May.

German Ambassador and I saw Grand Vizier together to-day and told his Highness that, recognising the difficulty under which Turkish Government lay in granting a monopoly to a Turkish trade company, we should be satisfied if they were accorded sole exploitation in all wells on behalf of Governments who would retain possession of concessions themselves.

We strongly urged importance of speedy settlement on these lines, and Grand Vizier, who seemed to welcome idea, promised that there would be no delay in answering. I am seeing Minister of the Interior to-night and will speak in the same sense.

[22308] No. 120

Sir Edward Grey to Sir L. Mallet.

(No. 229.) *Foreign Office, May 18, 1914*
(Telegraphic.) R.

MY telegrams No. 225 of 15th May and No. 227 of 16th May, and my despatch No. 362 which will reach your Excellency on 20th May. Turkish oil concessions.

I have been further considering Salley's contentions, and I should be glad to have telegraphically respecting following points, as it is desirable for parliamentary reasons to have situation cleared up this week:—

1. His claims fall into three categories.

(a) Five "Roushat Nahmé," which I understand are mercly petitions and not prospecting licences, and were presented not by him but by a Turkish subject. These all relate to limited areas in Mosul and Bagdad.

(b) One similar document presented jointly by Law and a Turkish subject. This relates to area in Mosul.

(c) Three similar documents presented jointly by Law and a Turkish subject. These relate to areas in Basra.

2. Petitions referred to under (a) and (b) were addressed to Ministry of Mines, whereas the provinces of Mosul and Bagdad were moved out of sphere of Mining Law by firmans issued to Civil List in 1888, 1898, 1902, granting exclusive rights to latter Department of exploitation of all petroleum deposits. If this is so, Ministry of Mines had no power to grant any rights in these provinces, and claims derived from that Ministry cannot be valid if concession granted to Civil List was not cancelled in 1909, but merely transferred to Ministry of Finance. Do you consider this argument sound?

3. Further, as regards (a) Salley's remedy would be against his Turkish associate, who sold him worthless option.

4. As to (c) Salley seems to hold some prior rights, and to that extent appears entitled to our support in due course. I should be glad to learn their precise nature and the area they extend to.

[19570] No. 121

Sir Edward Grey to M. Cambon.

(Confidential) *Foreign Office, May 18, 1914*

Your Excellency,

ON the 17th September last I had the honour to communicate to the French Chargé d'Affaires an memorandum which, as your Excellency is aware, contained the following passage:—

"His Majesty's Government took note with satisfaction of the assurances contained in the memorandum of the 3rd September in regard to the protection of all rights and treatment on Baghdad railway (present or future) in Turkey. They also desire to express their gratitude to the French Government for the readiness of support which the Anglo-Turkish agreements, the drafts of which were communicated to Council of the Ambassador at the 18th June last, met with from the French Ambassador at that date. Sir E. Grey has the honour to state, for the confidential information of the French Government, that these arrangements were signed on the 28th July last, on that day an identic declaration was made by the Ambassadors of the Triple Entente to the Porte, and by the Ambassador of the Anglo-German agreement with reference to the Bagdad Railway. His Majesty's Government will have, therefore, to request the support of the French Government also in such measures as may be necessary hereafter to secure the observance by the Ottoman Government and other Powers concerned of the arrangements which have been made, and to ensure that everything in the Asiatic Provinces of Turkey remains in statu quo."

I should now inform your Excellency that the steps which have led to the formation of the French Government that they have received His Majesty's Government and the German Government respecting the Bagdad Railway and the Anglo-German agreement have reached the stage where the texts of the Notes to be exchanged between His Majesty's Government and the German Government, and the text of the Anglo-German agreement which was initialled by Sir E. Grey and Prince Lichnowsky on the 15th instant, can be communicated to the French Government.

A copy of the Note to be addressed by His Majesty's Government to the German Government is enclosed herewith. A copy of the Note to be addressed by the German Government to His Majesty's Government is also enclosed. These Notes refer to the two annexes to the agreement.

By an exchange of notes dated April 19th, 1911, His Majesty's Government have agreed that the above-mentioned Notes shall, *mutatis mutandis*, have the validity of an agreement between Great Britain and Russia, and the Russian Government have agreed to be bound accordingly.

As French financial group is interested in the navigation of the Shatt-el-Arab, I have the honour to inform your Excellency that His Majesty's Government would be happy to proceed to a similar exchange of notes with the French Government in order to record in a more formal manner the agreement which in substance has already been reached between France and Great Britain.

I have, &c.
L. GREY.

Enclosure in No. 121

Draft Anglo-German Convention

Articles 6 and 7.

ARTICLE 6

His Britannic Majesty's Government and the Imperial German Government will join in using their good offices with the Imperial Ottoman Government to secure that the Shatt-el-Arab shall so far as practicable be brought into and permanently kept in a satisfactory state of conservancy in order that sea-going vessels may always be assured of free and easy access to the port of Basra and to secure, further, that the navigation on the Shatt-el-Arab shall permanently be kept open for sea-going vessels, and be carried on under conditions of absolute equality for the vessels of all nations, without regard either to the nationality of the vessels or to their cargoes.

Dues shall be imposed, not for the mere fact of navigation, but only for administrative charges of the Commission referred to in Article 7 and for repaying sums actually spent on improvements in the navigation of the Shatt-el-Arab and harbour facilities. They shall in no case exceed 1 fr. per registered ton (the dues to cover the coming in and going out of the same vessel) except by agreement between the two Governments, any dues shall be levied on a basis of absolute equality without regard to the nationality of sea-going vessels or their cargoes.

ARTICLE 7

(*a*) The Imperial German Government having taken note of the Anglo-Turkish Convention of the 29th July, 1913, under which the free navigation of the Shatt-el-Arab is assured on terms of absolute equality to the shipping of all nations and a Commission is established for the execution of such works as may be necessary for the improvement of its channel and for its maintenance and for other like purposes set out therein, and being of opinion that the provisions of the said Convention are conducive to the best interests of international commerce, will uphold it so long as it is not materially altered and so long as the

duties imposed upon the Commissioner thereunder are satisfactorily carried out.

The Imperial German Government take note in this connection of the Declaration signed on the 21st October, 1913, and attached to the said Convention, to the effect that articles 7 and 8 thereof do not affect the rights enjoyed in the Ottoman Empire by the nationals of the Treaty Powers.

(*b*) His Britannic Majesty's Government, so far as they are concerned, agree—

(*c*) That the German consul at Basra shall have the right to correspond with the Commissioner in matters within its competence.

(*d*) That, if any decision of the Commission fail to meet the reasonable requirements of the commerce of the riverain states, it shall be open to the consul of the two countries jointly to refer the question at issue to the decision of a technical expert to be nominated by agreement between the two members of the Commission or, in the event of such agreement not being arrived at, by the German consul, provided always that if a similar or analogous application is made by any other person, he shall participate in the said nomination, and that failing unanimous agreement Her Majesty the Queen of the Netherlands shall be invited to designate the expert referee.

His Government and His Britannic Majesty will use their good offices with the Imperial Ottoman Government to ensure that effect is duly given to such recommendations as may be made by the expert referee.

Explanatory Note

SECTION IV

In regard to articles 6 and 7 of the Convention it is agreed that the following recommendations shall serve as a basis for the work of the Commission:—

1. The Commission to set to work as soon as possible.

2. The Commission to undertake a preliminary survey during a period of at least two months before recommending any large expenditure on permanent works.

3. The Commission to aim at a fairway with a depth of 34 feet at high-water springs over the bar.

4. The channel of the river below Mohammerah to be improved as soon as possible so as to avoid the necessity of a small port on the river.

5. Fixed moorings to be provided as far as possible to the several consulates, the provision to be made at an early date at Basra.

6 The Commission might with advantage model its arrangements generally upon the analogy of the Danube Commission so far as applicable

SECTION V

In regard to article 7 clause (b) of the Convention, it is agreed as follows :—

The expert referee shall, unless the otherwise agreed by the parties concerned, proceed to Basra for the purpose of his enquiry He shall publish his report within four months after having received all the necessary materials from all the parties, sending both Commissioners or writing, four months after his arrival at Basra.

The expenses of the enquiry including the remuneration of the referee shall be borne in equal shares by the Governments concerned

---

[19570] No. 122

Sir Edward Grey to Count Mensdorff

(Confidential)

Foreign Office, May 18, 1914

Your Excellency,

I HAVE the honour to transmit herewith, for the confidential information of the Austro-Hungarian Government, a copy of an Anglo-Turkish convention dated the 29th July, 1913, for the improvement of the conditions of navigation on the Shatt-el-Arab.

A copy of a declaration dated the 21st October, 1913, and attached to the convention, is also enclosed.

Your Excellency will observe that the convention provides for the establishment of an Ottoman commission, consisting of two members, one of whom shall be a British subject, to perform certain duties, such as the execution of the works which may be necessary for the improvement of the channel of the river, its maintenance, and other like purposes, and generally to the best interests of international commerce, it also provides that the free navigation of the Shatt-el-Arab shall be assured on terms of absolute equality to vessels of all nations.

In order to provide the funds for these works, it is proposed that dues should be levied upon vessels which enter the river, and that the Commission should be invested with certain powers of jurisdiction and other rights necessary to the efficient administration

The whole waterway of the Shatt-el-Arab is, as your Excellency is aware, Turkish, the Persian Government merely having a right, under the Treaty of Erzeroum of 1847, to freedom of navigation for Persian vessels. That Government has agreed to the levy of dues upon Persian vessels, and the Russian and German Governments have already intimated to His Majesty's Government their willingness, in regard to German and Russian ships respectively to adhere to the principles of the Anglo-Turkish convention on and to facilitate its operation

At present time no vessels of the Dual Monarchy frequent the Shatt-el-Arab but His Majesty's Government would none the less greatly appreciate the acquiescence of the Austro-Hungarian Government in the principles of the convention, and their assent to the levy of dues upon any Austrian vessels which may hereafter enter that river

The convention will become operative after the exchange of ratifications which, it is hoped, may now be effected at an early date

I have, &c.
E. GREY

Enclosure in No. 122.

Convention concernant l'établissement d'une Commission pour améliorer les Conditions de la Navigation du Chatt el-Arab.

SA Majesté le Roi du Royaume-Uni de la Grande-Bretagne et l'Irlande et des Territoires britanniques au delà des Mers, Empereur des Indes, d'une part ; et

Sa Majesté l'Empereur des Ottomans, d'autre part,

Désireux tous deux d'améliorer les conditions de la navigation du Chatt-el-Arab et de diminuer les risques auxquels le commerce de leurs sujets pourrait y être exposé, par suite de l'importance de leurs intérêts dans le commerce sur le fleuve,

Ont nommé pour leurs Plénipotentiaires, savoir

Sa Majesté le Roi du Royaume Uni de la Grande-Bretagne et d'Irlande et des Territoires britanniques au delà des Mers, Empereur des Indes, Le Très Honorable Sir Edward Grey, Baronnet du Royaume-Uni, Chevalier du Très Noble Ordre de la Jarretière, Membre du Parlement, Principal Secrétaire d'État de Sa Majesté au Département des Affaires Étrangères,

Sa Majesté l'Empereur les Ottomans Son Altesse Ibrahim Hakki Pacha, ancien Grand Vézir, décoré des Grands Cordons des Ordres Impériaux de l'Osmanié et du Medjidié en brillants,

Lesquels, s'étant communiqué leurs pleins pouvoirs, trouvés en bonne et due forme, sont convenus de ce qui suit

ARTICLE 1er.

La navigation du Chatt-el-Arab demeurera ouverte aux navires de toutes les nationalités.

ARTICLE 2

Le Gouvernement Impérial ottoman établira une commission chargée de remplir les fonctions relatives à la navigation du Chatt-el-Arab depuis Kourna jusqu'à la mer, telles qu'elles sont définies à l'article 6

ARTICLE 3

Cette commission sera composée de deux membres seulement, à être désignés par le Gouvernement Impérial ottoman Le Gouvernement Impérial désirant que l'un des membres soit de nationalité britannique invitera le Gouvernement de Sa Majesté britannique à lui proposer des candidats parmi lesquels il choisira l'un des commissaires

ARTICLE 4

Chacun de ces commissaires recevra un traitement annuel de £ T 2,000, net de toute réduction Les traitements seront versés par la commission.

ARTICLE 5.

La commission aura qualité pour nommer tels agents et employés qu'elle jugera nécessaires, mais le Gouvernement Impérial désirant que l'ingénieur en chef et l'inspecteur des services fluviaux soient de nationalité britannique invitera le Gouvernement de Sa Majesté britannique à lui proposer des candidats parmi lesquels il choisira ces fonctionnaires. La commission nommera un ingénieur-adjoint et un inspecteur-adjoint de nationalité ottomane. Le traitement de ces agents et employés sera fixé et versé par la commission

ARTICLE 6.

La commission sera chargée des fonctions suivantes :—

(a.) L'exécution de tous les travaux qui seront jugés nécessaires à l'amélioration du chenal du fleuve et de ceux qui y donnent accès du côté de la mer

(b.) Le maintien du chenal du fleuve libre de toute espèce d'obstruction de façon à assurer à la navigation les conditions les plus propices en tout temps

(e) La preparation, promulgation et mise à execution de règlements touchant la navigation et la police du fleuve ainsi que les terrains et constructions tenus par la commission.

(d) Le contrôle du pilotage

(e) La mise de bouées et l'eclairage du chenal, ainsi que le maintien et la surveillance des phares et des bouées placés dans les chenaux donnant accès au fleuve, tels qu'ils sont spécifiés dans l'annexe à cette convention

(f) La surveillance, dans la mesure ou celle-ci est nécessaire pour assurer l'application des dispositions contenues dans la présente convention et sous reserve des droits contractuels des Puissances étrangères, des debarcadères, quais, docks et jetées appartenant à des particuliers situés sur les bords du fleuve, ainsi que la faculté de pourvoir à toutes accommodations et facilités que la commission pourra juger nécessaires.

(g) Dans le cas où un port serait établi à Basra en conformité de quelque convention que ce soit liant la Turquie à la date présente, les droits qui seront assurés dans ce port au Gouvernement Impérial ottoman par cette convention et par le cahier des charges seront, en tant que ces droits concernent les matières traitées dans les paragraphes précédents, exclusivement exercés par la commission.

Article 7

La commission aura qualité pour fixer par les règlements édictés par elle en vertu de l'article 6 (c) de cette convention les amendes qui seront imposées en cas de leur contravention. Telles contraventions seront justiciables exclusivement par la commission qui, sera revêtue pour des cas semblables de l'autorité analogue à celle dont jouissent les municipalités d'infliger aux delinquants des amendes et, à défaut de payement de telles amendes, le terme de reclusion équivalent prescrit par la loi ottomane.

Article 8.

Pour toute autre affaire pénale du ressort de la commission, la police de celle-ci aura seule le droit d'opérer des arrestations. Les prévenus seront ensuite remis aux autorités compétentes, la commission aura le droit de se faire représenter au procès en qualité de plaignant

Article 9.

Le Gouvernement Impérial ottoman s'engage à faciliter l'acquisition par la commission de tout terrain que celle-ci jugera nécessaire en vue d'accomplir d'une manière efficace les fonctions qui lui seront dévolues. Ces acquisitions se feront en conformité de la loi ottomane d'expropriation pour cause d'utilité publique et le prix en sera acquitté par la commission.

Dans le cas où la commission jugerait nécessaire l'acquisition de terrains auxquels des servitudes de pêche sont attachées, il ne sera imposé à ces droits de servitude de pêche aucune restriction vexatoire

Article 10

Aucun droit, taxe ou charge basé sur le fait seul de la navigation ne sera prélevé, soit par la Sublime Porte, soit par la commission, sur les bâtiments ou marchandises dans le Chatt-el-Arab, à moins d'être perçu en rémunération de services rendus.

Article 11.

La commission aura seule le droit de prélever les droits ou charges qui seront jugés nécessaires pour couvrir les dépenses les travaux et services administrés par elle. Le produit de tels droits ne dépassera pas la somme nécessaire pour atteindre le but ci-haut mentionné, y compris les frais généraux d'administration de la commission et le produit y sera exclusivement affecté. Tout excédent devra être utilisé à la réduction des droits. Le taux de ces droits ne dépassera dans aucun cas 1 fr par tonne nette de navigation.

Article 12

Tout droit ou charge imposé par la commission sera prélevé impartialement et également de tout bâtiment (exception faite de ceux qui sont exclusivement affectés à la navigation fluviale), quels que soient le port d'origine de destination et le départ le pavillon et l'armateur, la nationalité ou le propriétaire du chargement. De même, il ne sera fait aucune distinction, en matière des facilités à accorder, en faveur des bâtiments par rapport à leur pavillon, à leur armateur ou à leur port de départ ou de destination, ni entre les marchandises par rapport à leur nationalité ou à leur propriétaire

Article 13

Toute somme que la commission jugera nécessaire d'emprunter pour le compte-capital en vue d'accomplir les fonctions qui lui seront dévolues sera avancée par le Gouvernement Impérial ottoman, après entente avec le Gouvernement de Sa Majesté britannique, à un taux d'intérêt qui ne dépassera pas 5 pour cent

Article 14

Le contrôle de tous les fonds perçus et déboursés par la commission sera exclusivement de celle-ci

Article 15.

La commission publiera tous les ans un relevé complet et exact de ses comptes qui montrera les sommes perçues et déboursées par elle. Ce relevé sera soumis à l'examen de la cour des comptes.

Article 16.

Si, la limite mentionnée à l'article 11 étant atteinte, les recettes de la commission ne suffisent pas à ses dépenses ordinaires, le déficit sera comblé par le Gouvernement Impérial ottoman en attendant qu'une entente intervienne entre les deux Gouvernements sur les moyens de rétablir l'équilibre financier

Article 17.

Dans le cas où un désaccord s'élèverait entre les membres de la commission sur la question de savoir si tels ou tels travaux particuliers sont ou ne sont pas nécessaires à l'amélioration du Chatt-el-Arab, ou bien sur la façon dont ces travaux devront être exécutés, la question en litige sera déférée par elle à un ingénieur de compétence reconnue désigné d'un commun accord par les commissaires ou, faute d'un tel accord, par les deux Gouvernements. La décision rendue par cet ingénieur sera adoptée par la commission

Article 18.

La commission s'adressera, pour toutes les questions se rapportant aux fonctions qui lui seront confiées, à la Sublime Porte directement, et non pas par l'intermédiaire des autorités locales.

Article 19.

Les autorités locales ne s'immisceront en aucune façon dans des questions ayant trait aux immeubles, constructions, terrains ou autre propriété de la commission, ni à ses fonds, ni à l'exercice de leurs fonctions par les agents et gardes de la police, du pilotage ou des autres services établis par elle, ni aux débarcadères, jetées, docks ou quais situés dans ou sur les bords du fleuve et appartenant à des particuliers.

Le personnel de la police qui sera employée par la commission sera choisi parmi les sujets ottomans et de préférence parmi ceux qui ont déjà été au service du Gouvernement Impérial. La commission aura qualité pour engager des officiers supérieurs de nationalité étrangère pour exercer des fonctions d'organisation et de commandement.

Article 20.

La remise à la commission de bouées ou de plaques placées dans les chenaux donnant accès au Chatt-el-Arab ne sera pas considérée comme portant atteinte à la juridiction

territoriale exercée dans les eaux où ces bouées ou phares sont situés. Aucune provision non prévue de cette convention ne sera interprétée comme revêtant la commission de l'autorité d'exercer une juridiction ou des fonctions ou de prélever des droits ou d'acquérir des terres en dehors des limites de l'Empire ottoman sans le consentement de la Puissance territoriale, ni comme modifiant l'application ou l'interprétation des dispositions d'aucun traité ou arrangement définissant les frontières de l'Empire.

Article 21

Cet arrangement restera en vigueur pour une période de soixante ans à partir du jour de sa signature. Dans le cas où aucune des deux Hautes Parties Contractantes n'aurait fait connaître à l'autre douze mois avant l'expiration de ladite période de soixante ans son intention de mettre fin à l'arrangement, il restera en vigueur jusqu'à l'expiration d'un an à partir du jour où l'une des deux Hautes Parties Contractantes l'aura dénoncé.

En foi de quoi, les Plénipotentiaires respectifs ont signé la présente convention et y ont apposé leurs cachets.

Fait à Londres, en double original, le 29 juillet, 1913.

(L.S.) E. GREY.
(L.S.) I. HAKKY.

Annexe.

Liste des Bouées et Phares du Chatt-el-Arab

No.	Nature des Phares, &c.	Propriétaire actuel	Position	Description sur Carte.*
1	Vaisseau phare	Gouvernement ottoman	Barre extérieure	*Lt. Fl. cr. 5 sec. 55 feet rm. 10 m.*
2	Bouée à gaz acétylène	britannique	" "	*Lt. F.*
3	Bouée non éclairée	"	"	*Gat bar buoy*
4	" "	ottoman	"	*No. 1*
5	" "	britannique	"	" 2.
6	" "	"	"	" 3.
7	" "	"	Chenal	" 4.
8	" "	ottoman	"	" 5.
9	" "	"	"	" 6.
10	" "	britannique	"	" 7.
11	" "	ottoman	"	" 8.
12	" "	"	barre intérieure	" 9.
13	" "	britannique	"	*Inner bar buoy.*
14	Phare	ottoman	Fao	*Lt. F. red 25 feet, rm. 6 m.*

* Admiralty Chart No. 1295 "Mouth of the Euphrates, Shatt-el-Arab, and Karmshar River" (corrected to February 1913).

Déclaration.

LES Soussignés, dûment autorisés à cet effet par leurs Gouvernements respectifs, déclarent ainsi qu'il suit :

Il est bien entendu que les clauses des articles 7 et 8 de la Convention relative à l'Etablissement d'une Commission pour améliorer les Conditions de la Navigation du Chatt-el-Arab, conclue le 29 juillet, 1913, ne modifient en rien les droits dont jouissent actuellement en Turquie les ressortissants de certaines Puissances en vertu des traités existants.

En foi de quoi les Soussignés ont signé la présente Déclaration.

Fait à Londres, en double original, le 21 octobre, 1913.

(L.S.) E. GREY.
(L.S.) I. HAKKY.

[22370] No. 123.

India Office to Foreign Office.—(Received May 14.)

India Office, May 13, 1914.

SIR,

I AM directed by the Secretary of State for India to acknowledge the receipt of your letter of the 14th instant on the subject of irrigation works in Asiatic Turkey.

This letter crossed one dated the 15th instant, in which the views of the Marquess of Crewe on several of the questions now raised were expressed.

His Lordship has since had some informal communication with the Board of Trade, and desires to offer the following further remarks. He does not feel qualified to pronounce on the question what sort of test is possible to prevent agitation out of, or lessening the crop of the Board of Trade data that exist, and refers to the suggestion made in my letter of the 13th instant that irrigation works south of Kurnah should be carried out by the Council of the River Conservancy, who have gained much experience in the course of the River Control Works.

Lord Crewe further thinks that Sir E. Grey considers that the safest course would be, subject to the provisos necessary to secure the correct interpretation of the German proposals, to accept them. He would suggest that the provisos should be worded in such a way as to prevent any irrigation works in Mesopotamia, should these be sanctioned in the Anglo-Turkish Convention, being prejudiced.

As regards the last paragraph of your letter, although the matter is perhaps beyond this province he would venture to suggest that, in taking note of Prince Lichnowsky's observations, Sir E. Grey might also express his satisfaction at the attitude of the German Government.

I am, &c.
I. W. UDLRNLSS.

[22466] No. 124.

Sir I. Mallet to Sir Edward Grey.—(Received May 18.)

(No. 289.) *Constantinople, May 8, 1914.*

(Telegraphic.) R.

MR. SILLEY'S claims.

Your telegrams Nos. 225 of 15th May and 227 of 16th May.

Information respecting Mr Silley's claims has involved examination of papers at Ministry, and has much delayed report which however, goes by bag.

Of the six applications mentioned by Mr Silley five have been made by Ottoman subjects, and in only one, that of Baba-ere Gurgar, does his name appear as a co-applicant with that of an Ottoman subject.

Attitude of Ministry of Finance with regard to all applications for oil areas in Mosul and Bagdad vilayets has been guided by the fact that firmans of 1888 and 1902 granted to Civil List as a dotation for concession of all known oil-wells, as well as those likely to be discovered and situated in provinces of Mosul and Bagdad. Concession is now property of Ministry of Finance, as Civil List has real existence, as the firmans have not been annulled by any law or sequestration. In view of existence of these firmans, clauses of mining law regarding 'permis' are inoperative as far as oil is concerned, and Department cannot legally issue licences for prospecting for oil in areas in which concessionaire (that is, Finance Ministry—has real proprietory rights.

Investigations have shown that applications of Mr Silley's associates have been set aside because of the rights of Finance Ministry under concession to objects applied for.

German arrangement in 1901 with Civil List was in arrangement between Ernester and concessionnaire to work the concession, and Nichol's negotiations with Civil List, and afterwards with Mining Department and the Porte, were conducted with a view to working a concession already granted by Imperial firmans.

Attitude of His Majesty's Government ever since [group undecipherable] claimed their support has been to assist Ambassador in his negotiations with the concessionnaire. This attitude has been entirely consistent with the situation created by firmans in respect of Mesopotamian oilfields. Ottoman Government have accepted and recognised this situation, which has not changed.

Mr Silley's statement that Ottoman Government cannot satisfy his claims because of support given by His Majesty's Government and German Government to Turkish

2 G

Petroleum Company, and that this action has forced them to violate their own mining laws, reposes on no foundation of fact.

Mr. Silley's claims are not based on "permis," which are negotiable documents, but on applications for "permis" and [illegible] view of reasons for which "permis" were not granted, there are no apparent grounds for claiming compensation unless we wish to question the validity of a concession on which all our negotiations have been based.

There is no legal authority for contention of Mr. Silley's solicitor [illegible] of 1904 [illegible] is not affected any rights which may have been conferred [illegible] Bagdad Railway Company by article 22 of their convention.

In view of the above it is important that we should maintain [illegible] view that [illegible] exists [illegible] Perse have been trying to dispute in connection with [illegible] recent application on behalf of Turkish Petroleum Company.

22542. No. 125.

Central Mining and Investment Corporation to Foreign Office.—[illegible]

[illegible] London Wall [illegible], [illegible]
May [illegible]

Sir,

We [illegible] acknowledge receipt of your letter of the [illegible] instant, and in reply, beg to [illegible] from the [illegible] article [illegible] of the Bagdad Railway Convention, [illegible] the 5th M[illegible] by the Ottoman [illegible] with the interpretation [illegible] the Ottoman Government [illegible] that [illegible] Mosul, Baghdad [illegible] by Imperial [illegible], dated [illegible] last, [illegible] are expressly [illegible] Baghdad Railway Convention.

We [illegible] His Majesty's Government have for some time past been giving their support to M. D'Arcy. We understand, however, that the [illegible] of M. D'Arcy [illegible] submitted to the Ottoman Government [illegible] by ourselves, and that [illegible] the Ottoman Government [illegible] that [illegible] to them the Ottoman [illegible] being able to obtain terms more acceptable [illegible]. We beg respectfully to point out that the terms [illegible] Government favours our group. [illegible] offered by us to the Ottoman Government, whilst fully safeguarding [illegible] are considerably more favourable to the lessees [illegible] Government itself, are considerably more favourable [illegible] than the terms embodied in the agreements existing between the Government of Trinidad and [illegible] the United British West Indies Petroleum Syndicate [illegible] Trinidad leaseholds [illegible] capable of being [illegible].

We also realise that His Majesty's Government [illegible] the [illegible] concession to a British-German group the consent [illegible] of the Turkish customs duties from 11 per cent. to 15 per cent. [illegible] in Turkey, but would respectfully point out that [illegible] far as the interests of His Majesty's Government are concerned [illegible] the Turkish Government [illegible] who the concessionnaires themselves are, provided the Turkish Government adhere to [illegible] that the grant is to be made to a British-German group in accordance with the arrangements come to between His Majesty's and the Imperial German Governments.

Acting on behalf of the British group, the constituents of which are already known to His Majesty's Government, we would be prepared, in relation to any obligations undertaken vis-à-vis the Ottoman Government, to enter into an agreement with His Majesty's Government for a pre-emptive right of [illegible] fuel produced within the area of the concession referred to and under the control of the British group, viz., two-thirds of the total production, on terms to be agreed upon.

We are anxious to avoid any appearance of embarrassing His Majesty's Government, but in view of the above we respectfully submit that a reconsideration of the final paragraph of your letter under reply appears to become necessary.

We have, &c.

(The Central Mining and Investment Corporation),
L. REYNOLDS, *Director.*

22608] No. 126.

Memorandum by [illegible] H. Jacob.—[illegible]

[illegible]

IT is common talk in the Yemen that [illegible] of the country [illegible] Turkey [illegible] The Turks expect [illegible] between themselves [illegible] and also [illegible] because of the last [illegible] the Idrisi [illegible] Turk, [illegible] representative of Islam [illegible].

2. We [illegible] Turks [illegible] Progress [illegible] the German military propaganda [illegible] Constantinople [illegible] people. [illegible] letters [illegible] Turkish [illegible].

3. [illegible] our interest [illegible] Turkey in Asia we shall lose [illegible] Turkey were [illegible] European [illegible] Yemen have [illegible] Muhammad [illegible] say [illegible] wishes it.

4. [illegible] King. [illegible] light of [illegible] Turkey [illegible] together, [illegible] country, [illegible] allowed free [illegible] passage of mails [illegible] they rewarded with the [illegible] of the 1st Class Medjidie [illegible] Turkey of our [illegible] This [illegible] Italy [illegible] Turkish consulate in [illegible] of neutrality.

5. To consolidate Turkey in Arabia [illegible] especially in the Yemen [illegible] contiguous to the Hedjaz and the [illegible] to bring about [illegible] disintegration of Turkish [illegible] Turkey [illegible] the Idrisi [illegible] Italian gold, [illegible] between Turkey and [illegible] of the [illegible] between the [illegible] waste-paper, to reconcile the [illegible] Imam and the Idrisi, incidentally to show [illegible] Asiatic Turkey [illegible] that Great Britain is [illegible] in this part [illegible] That we are unable by reason of the European concert to [illegible] the greater reason to show [illegible] with Turkey.

6. It may be argued that to evince [illegible] for a [illegible] with Turkey would arouse the suspicion [illegible] of the European Powers, but as a matter of fact we alone have [illegible] interests in the Yemen, though Italy has been active in recent years, and at one time affected to believe that the Arabian peninsula was [illegible] no Arab [illegible] State does exist. Italy, again, has shown an inclination to do business in tracts other than the Asyr [illegible] and it is not so long ago that she would have erected a Marconi station at Makalla on the Hadramaut seaboard and within our protectorate. The Consul-General of Italy in Aden has corresponded with the Imam of Sanaa, and further, by opening a hospital at Hodeida and distributing alms to the poor, Italy has sought to create a favourable impression in the minds of the Arabs on the Tehama littoral. This last may have been [illegible]

dispel the bad impression caused in Arabia by her assistance given to the Turks when [illegible] the Turks when accused the Imam, who, in a letter to our friend the Akhal Sultan [illegible] Arab tribes against the Italians, whom he accused of sowing [illegible] and fomenting strife and discord between Moslems, by which much Moslem blood was spilled. In that letter the writer remarked that the Italians seemed to think that everything was to be had for the asking, and he urged Great Britain to wake to its own interests. I do not think that with the *Imam* the Italians will make much headway, the Turks, too, crossed down, their charitable institutions Hodeida. For years the Italians have been taking away workers from within our protectorate to serve in the Benadir Province. These men return well-paid well-fed on service and so have [illegible] greatly given] and they return their stories in our protectorate, *all of which are calculated* to [illegible] generosity. It is a most subtle form of implanting [illegible] however, unsolicitous.

To French [illegible] Hodeida [illegible] opening French schools to further French interests. The French [illegible] elsewhere.

8. During our stay in the Yemen [illegible] to 1907, I was visited by our Jesus Sheikhs and Servants from the Turkish side with country. Bitter [illegible] rules. Our annual [illegible] territories and [illegible] of Arabs with whom our border, that Turkey was our friend and would [illegible] policy. At the same time [illegible] and to dismiss them in a good humour—prospectively a valuable asset. This [illegible] from interference in the affairs of Turkish Arabia is a point which might be told the Turks as a proof of our friendliness to them.

9. I would suggest that Turkey to asked to entertain British officers *in the Yemen* with a view to further [illegible] the policy outlined in my paragraph 5. To this end the Aden [illegible] should be selected, it to the Foreign Office, London, for the [illegible] of the Yemen under Imperial politics.

10. It is difficult however, to pose before Turkey as a friend when our own interests is so neglected. Since the evacuation in September 1907 our prestige has steadily declined in spite of promises to the contrary. There is a proverb in common parlance which says, "An Arab's mouth [illegible] his eyes." He soon forgets an absence [illegible] reverse sustained by Turkey at the hands of Italy, has emboldened the Arabs to [illegible] the inevitability of Turkey, and as a whole them [illegible] the existence of our lively interest in that quarter of the Yemen [illegible] *is a factor of* [illegible] *and prevent* [illegible] *the Imam* and the many [illegible] the proper observance of the Moslem Sharia, as it is phrased diplomatically. I [illegible] of Dhala, as only to [illegible] the whole keeping touch with us is not slow to [illegible] recent advance of Zaid, fierce [illegible] overtures of the Turkish [illegible] the Al Ahmed, who are [illegible] made by some of the Hadi [illegible] tribe there, through the mouthpiece of the influential Darb [illegible] Sanhan, that if we refused to help the Kaiti Sultan [illegible] the Kaiti Sultan of Shibam and Mikalla the former would [illegible] these are [illegible] (Turkish) [illegible] within our protected [illegible] correspondence with the Imam, replied that [illegible] of stipend as once promised him, but hope [illegible] he naively added, "When a man is sick it is best to consult a second physician."

11. At the same time it is fair to add that the Turco-British boundary line is but little [illegible] only, whereas the tribes from time immemorial have had commerce and other relations and a means of [illegible] Dhala, if [illegible] Ireland has no meaning at all. For example, Arabs from the territory of the Amir of Dhala, if [illegible] on the Turkish side, and as we found during our stay on the Dala plateau, tribes

having treaty relations with others across the line would pass over [illegible] defend their mutual interests. The Imam too, has not rally [illegible] considered themselves one [illegible] Taiz, for instance, they of Nawa, Bani Dabyan, and Jubar, who were [illegible] Sultan—also of the powerful Mausata clans were the Fathers of Yafa [illegible] as British subjects, whilst Julaa became Turkish to the last [illegible] Sheikh Ahmad Karim, who has never ceased to [illegible] Aden to enter under the British flag. Mausata [illegible] the Tribes of Aden.

12. We require [illegible] order to prove to Turks that [illegible] retirement of Yemen [illegible] our protegés there is a matter for our [illegible]

13. This would serve to check [illegible] fledgling [illegible] the Imam and Idrisi who would soon [illegible] Europe.

14. Arabian, too, is [illegible] with conditions [illegible] was [illegible] Wesleyan [illegible] Aden [illegible] Red Sea ports to [illegible] Aden. We [illegible] Arabia could be [illegible] quarter to our mutual interests—may, I say it is *not done* who are [illegible] reinstate [illegible]

15. The question of whether Aden is a fortress is often discussed. If its [illegible] our policy requires [illegible] Aden might then advance [illegible] as once before it was, an important centre of trade.

16. We [illegible] our interests [illegible] Turkey in the role of a co-partner [illegible] to show the Porte, whose international [illegible] that [illegible] quarter to our mutual interests—may, I say it is *not done* who are [illegible] reinstate [illegible]

17. I ask to be one of several to enter the Turkish service with [illegible] At first [illegible] Turkish [illegible] of any ulterior [illegible]

If the Turks be ousted from the Yemen we should be confronted by Arab [illegible] ful [illegible] zeal, [illegible] the result would be the [illegible] of [illegible] Arab States. We should then be [illegible] the alternative, be obliged to employ a vast array of troops. In either case our prestige would be still further lowered locally and [illegible]

18. Personally, I know the country and chiefs as well as the leaders of [illegible] known them. I gained [illegible] from 1904 to 1907, when I served [illegible] Political Resident at Aden, as Political Agent, Resident, and I shall deem [illegible] the Yemen as a [illegible] opportunity there is to resurrect [illegible]

H. F. JACOB, *Lieutenant-Colonel*

Brampton, May 13, 1911

[22639] No. 127

Board of Trade to Foreign Office.—(Received May 20.)

(Secret.) *Board of Trade, May 20, 1914*

Sir,

WITH reference to your letter of the 30th May transmitting copy of a letter to the Admiralty with respect to the relations between the Anglo-Persian Oil Company and the Turkish Petroleum Company [illegible] to state that they have been in communication on the subject with representatives of the former company and to make the following observations for Sir E. Grey's consideration.

The arrangement described in the Admiralty letter of the 6th May is a method of [illegible] the capital for the holding company which would represent the D'Arcy

interests in the Turkish Petroleum Company, appears to the Board to be in effect not a loan to Armenians, but a subscription by the Anglo Persian Company for shares in the Turkish Petroleum Company and therefore to make His Majesty's Government in effect shareholders in that Company, but without full control over its operations. However desirable such a participation (even though subject to the reservation mentioned, may be from the standpoint of Admiralty policy the Board have felt compelled, in view of your letter above referred to, to assume that it is inadmissible

The commercial reasons advanced by the representatives of the Anglo Persian Company in favour of the arrangement proposed are that the primary object of the D'Arcy group in their efforts to secure control of the Mesopotamian concession was to protect the Anglo Persian Company's main enterprise, a purpose fully recognised by His Majesty's Government, that although the arrangements as to Government participation in that enterprise would carry with them the control of such a much stronger position than formerly, such a measure of protection as still could be, and that the formation of a holding company, entirely independent of the Anglo Persian Company (even if practicable) would not afford the desired protection, while shareholders therein could not be restrained from respecting their shares to British objects which might put them in competition with the Anglo Persian Company. This appears to the Board to be a fair statement of the arguments which have been advanced to represent the arrangement contemplated in the Admiralty letter above referred to, for securing the Anglo Persian Company's control of the holding company and hereby of the Turkish Petroleum Company, the interests of which would be in effect the holding company shall at least be a subsidiary to some extent of the Anglo-Persian Company

As a result of the discussions which have taken place with representatives of the Anglo Persian Company it has been suggested that the best solution would be for the capital of the holding company to be advanced by the Burmah Oil Company (which would be the subject of a Treasury guarantee) and for the ordinary shares in the Anglo-Persian Company and in the Turkish Petroleum Company to be held in trust for the Burmah Oil Company. It is understood, however, that the Burmah Oil Company would not be disposed to enter into such an arrangement unless they received from the Anglo Persian Company a guarantee against substantial loss, such guarantee to be limited to the amount of capital subscribed by the Burmah Oil Company, which would not exceed £2,000,000. It is further understood that it would be open to British securing that the Burmah Oil Company would remain permanently British

The possibility from a political point of view of the proposed guarantee being given by the Anglo-Persian Company, as suggested, for the decision of the Admiralty and Treasury, but should they wish to have it before the Board are disposed to suggest, for Sir E Grey's consideration, that the scheme now contemplated is not open to the objections taken to the original scheme by your letter to the Admiralty of the 31st May It is true that under the original scheme His Majesty's Government would have had a direct and interest in the Mesopotamian concession, but this would have been limited to a negative character His Majesty's Government would have had no voice or share in the working of the concession above particularised, nor by the election as Chairman of the Turkish Petroleum Company of some person not a director of the Anglo-Persian Company It appears to the Board, however, that all the circumstances impracticable and undesirable to endeavour to stipulate that none of the directors of the Anglo-Persian Company shall be also directors of the Turkish Petroleum Company The practical result of such a stipulation would probably be that the British directors of the Turkish Petroleum Company would be quite unable to hold their own as regards technical acquaintance with oil production with the able representatives of the Anglo-Saxon Company and the Deutsche Bank

A copy of this letter has been sent to the Admiralty

I am, &c.
GEO J STANLEY

[22606] No 128

Sir L Mallet to Sir Edward Grey Foreign Office May 20, 1914

(No 291)
Telegraphic R
Mr SILLEY'S claims
Your telegram No 220 of 15th May
Petitions for issue of "Rights of Naturals" which are "dossiers" or "parts of dossiers" fall into three categories

(1) Five petitions, made up of two presentations by Mahmud Shevket Pasha, for issue of firmans to prospect in Ottoman Mosul and Bagdad Vilayets to Mahmud Fikhi el Mudarris, Yusuf Ibrahim el Mudarris, Ahmed Fikhi el Mudarris, Abdullah Mahmud Effendi and Mahmud Effendi Ibrahim, presumably Mahmud Effendi Ibrahim, for licence to prospect in Mosul, Bagdad provinces

(2) One petition by Shevket Pasha for firman to prospect in Bagdad vilayet, and one by Mahmud Fehmi for firman to prospect in Kirkuk and Suleimanieh districts of Bagdad vilayet (petitions also by Bagdad Chamber of Commerce in favour of Silley's and Fehmi's claims)

(3) Three petitions signed by Silley and Mr [illegible] el Mukarrah and Zuhdi Bey Kazim Effendi and Nejib Sampson Effendi respectively, presented to Ottoman authorities on 31st January

Petitions under (1) and (2) were presented to local authorities, aforesaid, as per instructions from Ministry of Mines, by telegram No 280 of 15th May, but no decision has yet been arrived at, as account of Embassy's telegraphic summary of 21st of Silley's claims (see paragraph 3 of my despatch of yesterday's date)

Silley's only right of locality is that of a Turkish subject, as Ottoman Government would not recognise any foreign claims

Silley's claims are not in any way based on rights acquired by him as a British subject He has been assisted by His Majesty's Consul at Basra in capacity of legal agent, and has also been put in touch with Ottoman Embassy, who have requested Ottoman Government to [illegible] of Turkish petroleum concessions which are not in accordance with Ottoman Basra rights Instructions have already been made to Consul at Basra to inform Silley respecting the Basra claims, but [illegible] Ambassador before instructing His Majesty's Consul at Basra by telegram to ascertain their nature and extent

---

2?466] No 129

Foreign Office to Messrs Cochran Hopkins and Co

(Confidential) *Foreign Office May 20, 1914.*

Gentlemen,

I AM directed by Secretary Sir E Grey to acknowledge the receipt of your letter of the 15th instant regarding the claims of your client Mr Silley in respect of certain oilfields in Turkey

In this letter you set forth the nature of Mr Silley's claims, you represent that the legality of those claims has, you understand, been recognised by this Department and His Majesty's Ambassador at Constantinople, and you contend that the Secretary of State is supporting not only British interests which are not in accordance with the mining laws of Turkey, but German and Dutch interests as well

Mr Silley's letter of the 17th January last to this Department is the document to which you refer for a statement of his claims It indicates that he is interested in six petroleum claims in the provinces of Mosul and Bagdad, and in two in the province of Basra, and one in Nejd As regards the first named His Majesty's Ambassador reports that five of the claims rest merely on petitions presented by (not licences granted to) Ottoman subjects, as regards the remaining claims, they are based upon similar documents in which the name of Mr Silley appears as one of the applicants In respect of the five claims in which Mr Silley has only an indirect interest, Sir E Grey does not consider he possesses any valid claim as against the Ottoman Government, nor would he be prepared to support a claim of this nature by an Ottoman subject

against his own Government merely because a British subject had purported to acquire an interest in that claim as regards both categories of claims no licences have been granted but petitions have only been presented Mr Silley's claims are thus not based on licences, which are negotiable documents, but on petitions for Licences and, certainly in regard to those claims which relate to areas in Mosul and Bagdad there appear to be no grounds for demanding compensation from the Ottoman Government owing to their failure to issue licences.

The attitude of the Ottoman Mining Department with regard to all applications for licences in the provinces of Bagdad and Mosul has been governed by the fact that Imperial firmans issued in 1889 1898, and 1902 granted to the Civil List in a definitive form the concession of all known oil wells, as well as those which might subsequently be discovered in the provinces in question This concession has not as your client erroneously asserts, been cancelled it was transferred from the Civil List to the Ministry of Finance, it is still valid and existent, and the firmans by which it was granted have not been annulled by any law or subsequent firman In these circumstances the clauses of the mining law as regards licences are inoperative as far as oil is concerned in regard to these two provinces, and the Mining Department cannot lawfully issue licences for prospecting for oil in areas where the Ministry of Finance has real proprietary rights The investigations made by His Majesty's Ambassador show that the applications of Mr Silley's associates have been set aside for this reason which alone, in the opinion of Sir E Grey would suffice to rule out any claim for compensation.

I am to state that you are under a grave misapprehension in assuming that the legality of Mr Silley's claims was admitted by this Department On the contrary, I am to draw your special attention to the words "in the opinion of the London solicitors" which were inserted by Mr Parker in the statement you submitted to him for revision, and which forms the enclosure in your letter of the 14th April and I am further to draw your attention to the last sentence of that statement "But His Majesty's Government can express no opinion as to the value of Mr Silley's claims," which was also inserted by Mr Parker

In view of the above considerations, Sir E Grey is compelled to observe that the assertion that he is supporting pretensions which are not legal is devoid of foundation.

In conclusion, I am to state that you appear to be under some misapprehension with regard to the conditions of diplomatic support being accorded to Mr Silley in regard to his claims in Basra and Nejd Subject to further enquiry as to the validity of those claims, His Majesty's Government might be prepared to support him if he gave an undertaking that he would not, without the written assent of His Majesty's Government, transfer to other parties any rights he might eventually acquire.

I am, &c
EYRE A CROWE

[22542] No. 130

Foreign Office to Central Mining and Investment Corporation

(Confidential)
Sir, *Foreign Office, May 21, 1914*

I AM directed by Secretary Sir E Grey to acknowledge the receipt of your letter of the 19th instant respecting oil concessions in Mesopotamia

I am to state in reply, that Sir E. Grey sees no reason, from the arguments you adduce, to modify the decision which has already been conveyed to you, and to which he must adhere.

I am, &c.
EYRE A CROWE

[22925] No. 131

Board of Trade to Foreign Office.—(Received May 22)

(Confidential)
Sir, *Board of Trade, May 20, 1914*

I AM directed by the Board of Trade to acknowledge the receipt of your letter of the 14th May transmitting copy of a note from the German Ambassador on the

subject of irrigation works in Mesopotamia and elsewhere in Asiatic Turkey together with copy of a letter to the India Office, and to offer the following observations thereon:—

The Board observe that, whereas the original proposal made by Herr von Kühlmann on the 21st April was that the principle of open competition should be established for irrigation works in Asiatic Turkey generally (with certain exceptions in respect of Mesopotamia and Asia Minor), the proposal now made relates solely to Mesopotamia. The Board are not aware of the reasons which have led the German Government thus to modify the scope of the proposed agreement, but I am to suggest, for Sir E Grey's consideration, that an effort should be made to obtain a reversion to the original proposal.

Subject to this amendment, the Board see no objection to the proposed exchanges of notes, but I am to suggest that the wording of the first paragraph of the note respecting exceptions to the general principle of open competition should be amended so as to read

'The Imperial German Government will raise no opposition to those irrigation works in Mesopotamia which were put up to open competition in April 1912, and in respect of which only British firms made detailed offers, being entrusted by the Porte to the English contractors, nor will they support any competitive efforts of German nationals.'

Further, the stipulation in the second paragraph of the same note as to an authentic list of the Mesopotamian works in question being furnished to the German Government should be made reciprocal, and provide for His Majesty's Government being furnished with an authentic list of the works at Acaba, claimed for German nationals under the third paragraph

As regards the proposal, referred to in your letter of the 14th May to the India Office, that the Shatt el Arab Commission should have complete freedom of action in regard to any irrigation works below Kurna, the Board are disposed to concur in what they understand to be the opinion held by the India Office that in order to prevent any interference with the navigability of the river, the Commission should, if possible, be given the power to veto the construction of any irrigation works below Kurna unless such works were carried out either by the Commission or in accordance with plans approved by them. The grant of such power to the Commission would, the Board assume, be a matter to be arranged with the Ottoman Government, and not to be dealt with in the exchanges of notes now under consideration, it could, however, be satisfied to the German Government as desirable in order to help secure that continued navigability of the Shatt el Arab to which they attach so great importance.

If such an arrangement could be secured and the scope of the agreement extended to Asiatic Turkey generally, the Board are disposed to think that it would be unnecessary, and probably inadvisable to attempt formally to exclude irrigation works below Kurna from the general principle of open competition, as to do so at this stage might give rise to difficult questions and to delay the conclusion of the Anglo-German Agreement The Board have some doubts as to the practicability as a means of preventing unfair competition of a requirement that tenders for any works in the region under consideration should be at economically remunerative prices but, having regard to the facts that powerful firms of British contractors will be at work in neighbouring territory, and will have all the advantages of local knowledge and experience, and that the main items of expenditure in respect of such works are likely to be labour and construction materials not brought from Europe, the Board doubt if the possible advantages derived by German firms from through rates (should such rates be hereafter extended to Persian Gulf ports, would be sufficient to offset those derived by British firms from their local knowledge, experience, and organisation

A copy of this letter has been sent to the India Office.

I am, &c.
H LL SMITH.

[22605] No. 132.

Sir Edward Grey to Sir L. Mallet.

(No. 234.)
(Telegraphic.) R. *Foreign Office, May 22, 1914.*

COPY of Pecuniary Claims Convention, as initialled, goes to your Excellency by post to-morrow. I have not yet received Turkish Government's criticisms on schedules, but strongest objection is raised by them to inclusion of Adana and boycotting claims, and, subject to your concurrence, I propose to omit these.

Mode of payment suggested by Hakki is allocation of yield of monopolies from 1915 onwards, and an article to this effect is to be inserted in monopolies agreement. I am disposed, with a view to early termination of negotiation, not to insist upon payment of sums awarded through Public Debt, as we have got a definite undertaking that they shall be paid from specific revenues.

Do you agree that this can now safely be done?

[23142] No. 133.

Sir L. Mallet to Sir Edward Grey.—(Received May 23.)

(No. 246.)
(Telegraphic.) R. *Constantinople, May 23, 1914.*

YOUR telegram No. 231 of 20th May. Turkish Customs increase.

I have acted on your instruction. His Highness said that he had instructed Hakki to accept railway agreement on condition of admitting two Turkish delegates to the board.

[22925] No. 134.

Foreign Office to Board of Trade.

(Confidential.)
Sir, *Foreign Office, May 23, 1914.*

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 20th instant respecting irrigation works in Turkey.

Sir E. Grey understands that the Board of Trade do not desire that the principle of open competition in regard to such works should be expressly extended to the whole of Asiatic Turkey, as distinct from Mesopotamia, in the Anglo-Turkish Convention, but that the British and German Governments should, if the German Government agree, bind themselves to favour the application of that principle to the larger area. This point will be discussed with Herr von Kuhlmann.

As regards the negotiations with Turkey, Mr. Parker discussed the subject of irrigation works below Kurna with Hakki Pasha on the 22nd instant. The utmost which his Highness would agree to recommend to his Government, *ad referendum*, was that article 5 of the draft Anglo-Turkish Convention, which is as follows:

"Le Gouvernement Impérial ottoman invitera, publiquement et impartialement, des soumissions pour les entreprises d'irrigation en Mesopotamie qui ne rentrent pas dans la categorie des travaux qui font l'objet de l'article suivant. L'exécution desdites entreprises sera accordée au soumissionnaire qui aura fait la proposition la plus avantageuse au Gouvernement Impérial ottoman."

should be amplified by the addition of the following clause:—

"En tant qu'il s'agit de travaux d'irrigation à executer par le moyen de canaux se raccordant directement au Chatt-el-Arabe, il est, toutefois, entendu qu'ils ne seront pas autorisés par le Gouvernement Impérial ottoman sans avoir reçu l'approbation préalable de la Commission fluviale. Celle-ci aura le droit de surveiller les travaux dont il est question pour qu'ils soient exécutés conformément aux plans et devis autorisés."

A copy of this letter is being sent to the India Office, but Sir E. Grey understands that that Department is not likely to raise any objection to this wording. I am to enquire whether the Board of Trade consider that it may be accepted, and to ask that a reply may, if possible, be furnished before the 27th instant.

I am, &c.
RALPH PAGET.

[23194] No. 135.

Sir L. Mallet to Sir Edward Grey.—(Received May 25.)

(No. 338.)
Sir, *Constantinople, May 14, 1914.*

WITH reference to my despatch No. 277 of the 26th April, I have the honour to transmit a copy of a private letter which I have received from Lieutenant-Colonel Nye of the Turkish gendarmerie, reporting his experiences during a recent tour in the Adrianople vilayet of the treatment of the Greek population by the Turks which does not coincide with some other recent accounts.

I have, &c.
LOUIS MALLET.

Enclosure in No. 135.

Lieutenant-Colonel Nye to Sir L. Mallet.

(Private.)
Sir, *Constantinople, May 12, 1914.*

AS I have just returned from a tour in the Adrianople vilayet, and it has been suggested to me that a short account of what I have noticed with regard to the state of the population there might interest your Excellency, I take the liberty of making the following remarks.

It must be remembered that my trip was made with no other object but to establish the strength of the gendarmerie regiment, that I visited twenty-two out of the twenty-four cazas of the vilayet in the short space of eighteen days, and, therefore, had no time to interview any of the inhabitants after my work was over in each caza, and that, even if I had had the time, an attempt to discover facts unfavourable to the Turkish Government was hardly proper for a man in the Turkish employ. I am therefore able to register only what I actually noticed *en route*.

Before starting the reports from Greek newspapers had already prepared me to find that the Greeks were suffering ill-treatment at the hands of the Turkish authorities.

I am bound to say that I saw nothing of it. In all the villages where the population was mixed the Greeks were living side by side with their Turkish neighbours apparently free from molestation.

Every Turkish village in the vilayet and the Turkish quarters of all mixed villages are in ruins.

The need of firewood for an army fighting in winter weather must have been responsible for a large part of the destruction, but by far the greater part of the damage was done by the then Greeks after the withdrawal of the Turks towards Constantinople.

The Turks having returned to their ruined villages, it is not to be expected that friendly feeling can exist between two races in villages where, in the one case two present owners of the country are practically without shelter and on the other hand the conquered race are living in houses untouched.

In many cases the Turkish villager knows the name of his Greek neighbour who actually looted and set fire to his home.

If in such a case he prefers to buy his bread from the Turkish instead of the Greek baker the boycott can hardly be attributed to orders from the Government. It is impossible also that isolated acts of aggression or reprisal should not occur. His business gone, and betrayed by his brother Christian, the Greek, either from shame or fear, decides to leave his village.

Whatever the Greeks may be suffering at the present time there is no doubt that there is a bad time in store for them unless the Government takes stringent measures, and this also may account to some extent for the present emigration. The immigrants who are being brought in to populate the empty villages are of a bad class. They are

generally idle and have no intention and not much means of earning their living. They are at present being fed by the Government, but when the time comes that free bread is no longer forthcoming there is no doubt that they will live on their Christian neighbours.

In the north of the vilayet, and especially in the caza of Samakov, the villagers are suffering greatly from the raids of Bulgars from over the border. These brigands come in various-sized bands and carry off sheep and anything they can lay their hands on. They have no political motive, but are just driven by want and the mountainous nature of the country, and the insufficiency of the Turkish frontier company make their incursions comparatively easy. A strip of spiked iron fastened with thongs to their feet enables them to clamber rapidly over the hills if pursued.

The inhabitants of Samakov and even of Sergin further south, are afraid to leave their villages for this reason.

Other and equally unwelcome visitors are the locusts. They have already begun their ravages on the young crops in the neighbourhood of Kirk Kilisse.

If to all this be added the fear of typhus, which is carrying off numbers of the population, it is not to be wondered at that emigration has begun, and is likely to continue. Having quitted his village his hatred of the Turk will naturally lead the Greek to ascribe his departure to Turkish oppression rather than to his own fears.

In the new Bulgaria the case is quite different. The officials there openly declare their intention of getting rid of the Greeks. The Bulgarian kaimakam of Sofali said, "We keep killing the Greeks and driving them away and yet we can't make an end of them."

What should be considered as a strong argument in favour of the good faith of the Turkish representations is the fact that a foreign officer, known to possess a knowledge of Greek as well as Turkish should at the present time be allowed to go in the ordinary course of his gendarmerie work as president of a commission whose business was to travel all over the vilayet. I journeyed wherever I wished and could have interviewed whomsoever I liked. Officers and local Governors made no attempt to hide anything from me, and in one instance only did I hear of a local kaimakam who was lacking in justice and that came from the lips of a Turkish officer. He described the kaimakam of Vize as a kaimakam. I had, as a matter of fact, heard the same thing previously from a Greek in whose house we passed the night at Demirkeui. Coming to my room after my companions had turned in and speaking in Greek, he said that the Governor of Vize had extorted fifteen or twenty men who were helping him to get rich quick at the expense of the Greeks.

I have, &c.
V. A. NYE,
Imperial Ottoman Gendarmerie.

[23195] No. 136.

Sir L. Mallet to Sir Edward Grey.—(Received May 25.)

(No. 343.)
Sir, *Constantinople, May 15, 1914.*

WITH reference to my despatch No. 165 of the 11th March, I have the honour to report that I am informed by the Russian Embassy that the question of the appointment of a Russian delegate on the Debt Council still remains for settlement, and that in order to overcome the difficulties raised by the German demands and consequent French opposition, Djavid Bey proposes to suggest that the Turkish commissioner ("Commissaire Impérial"), who attends the meetings of the council without right of vote and merely as the intermediary between it and the Ottoman Government, should become a delegate with the same rights as the other delegates representing the Turkish Government in connection with the surplus of the assigned revenues. Djavid Bey desires to come to an understanding with the German Government to assign only to the Bagdad Loans a fixed sum from the surplus, which is likely to be largely increased by the additional 4 per cent. customs duties, and to retain control over the balance.

I am told confidentially that Djavid Bey is hopeful of persuading the German Government to accept this arrangement, which seems to assume that the Turkish delegate will always vote with the Triple Alliance group.

I have, &c.
LOUIS MALLET.

[23202] No. 137.

Sir L. Mallet to Sir Edward Grey.—(Received May 25.)

(No. 352.)
Sir, *Constantinople, May 19, 1914.*

WITH reference to your despatch No. 290 of the 12th instant, I have the honour to report that, on the receipt of your telegram No. 135 of the 13th March last, I addressed a letter to Messrs. Cowasjee Dinshaw and Brothers relative to their desire to obtain a concession from the Ottoman Government for the construction of a port at Djebana as well as the building and working of a railway from Djebana Hodeidah to Sanaa. I pointed out that their proper course would be to appoint an agent to conduct negotiations with the Ottoman Government and to lodge the necessary application. I added that any application must be accompanied by a letter from a bank, preferably the National Bank of Turkey—stating that the applicant is financially able to carry out the undertaking applied for. I concluded by assuring them that their application would receive all proper support from His Majesty's Government, subject to the stipulation that the capital to be employed will be British and that both the port and railway will, in the event of the concession being obtained, be kept in British hands and under British control.

In their reply, dated the 7th April, Messrs. Cowasjee Dinshaw and Brothers took note of the points raised in my letter to them and stated that they were agreeable to give the required undertaking in return for the support of His Majesty's Government. They added that they would apply to this embassy shortly to recommend them a reliable agent at Constantinople, and requested meanwhile that they might be supplied with a copy of the concession originally obtained by the French for the Hodeidah-Sanaa Railway.

This document was sent to them on the 2nd instant.

I have, &c.
LOUIS MALLET.

[23204] No. 138.

Sir L. Mallet to Sir Edward Grey.—(Received May 25.)

(No. 354.)
Sir, *Constantinople, May 20, 1914.*

WITH reference to the correspondence on the subject of the validity of Mr. R. H. Silley's claims to certain oilfields in the vilayet of Mosul, three in the Bagdad province, and three situated in the Basra vilayet, No. 2 Sanitary, I now have the honour to transmit herewith a full report bearing on the exact position of affairs. I much regret the delay which has taken place in its preparation, but the computation of the sections shown on the plan of every considerable number of claims in the possession of the Mining Department is a work which does not always admit of success.

It will be observed from this report, and my telegrams No. 289 of the 18th inst. to No. 291 of the 19th instant, which already have been authorised you, that Mr. Silley's claims are based on:

1. Five applications made by the Ottoman subjects to the authorities of Mosul and Bagdad for the assignment to them of licences for prospecting for oil at Hamam Al Kifl, Tekrit, Dibbis, and Makloub.

2. An application made in the joint names of Mr. Silley and an Ottoman subject for a licence to prospect at Baba Gurgur, and

3. Three applications made in the joint names of Mr. Silley and an Ottoman subject for licences to prospect at Zobeir, and El Makayest, in the Basra province, and at El Hofuf in the Sanjak of Nejd.

The applications for permits to prospect in the districts situated in the vilayets of Mosul and Bagdad have had no result. No licences were granted, nor is the Ministry in a position to grant legally to authorise the issue of any prospecting licences for oil in the two provinces mentioned, whilst the firmans of 1889-1898, and 1901, which granted the concession of all the oilfields in the provinces of Bagdad and Mosul to the Civil List, continue to remain in existence and have all the force of law. It is certainly hard to believe that Mr. Silley has been unaware of this serious impediment, as the

reasons for the refusal to grant prospecting licences for Hamam Ali and Kifri were given in 1913, and for Tekrit and Dibni also in 1911, and it is besides, quite inconceivable that Mr. Silley should have interested himself financially in rejected applications for permits without first investigating the grounds for their rejection. It is also strange that after the reasons for withholding the issue of permits in the two vilayets had been given Mr Silley should have associated himself in an application made in 1913 for permit for Baba Gurgur

This is all the more inexplicable, as Mr Silley, in an interview which he had with the commercial attaché of this embassy, led Mr Weakley to understand that his agreement or partnership with his Turkish associates was only concluded last August. The question of the date on which he entered into an agreement with his friends could, however, be easily made clear by Mr Silley being requested to produce documentary evidence proving his interest in these rejected applications.

His interests, the Basra applications stands on a different and more solid footing, and His Majesty's Government can afford him all proper support. In accordance with your instructions, Mr Silley was duly informed that he would have the assistance of this embassy in his endeavour to obtain the concessions of the three oilfields in the Basra province and in the Nejd sanjak. He was also given to understand that in working would be required from him to the effect that the capital to be engaged in the development and working of these oilfields would be largely British, and that he would not part with his rights in the oilfields without the consent of His Majesty's Government. Mr Weakley had informed Mr Silley that a communication to the above sense would be made to him, and it was recommended that Mr Silley should, in his own interests, acquire all the rights of his Turkish associates in these applications in order to place himself in a position to give the undertaking required. Mr Silley has not, as far as I am aware, carried out this recommendation, and consequently no written communication has been made to him relative to the undertaking.

I have not failed to cause Mr Silley to be placed in contact with the representatives of the Turkish Petroleum Company, with the view of his discussing with them the bases on which he would be willing to transfer his rights in the Basra applications to the company. I am given to understand that, at the meeting which took place between Mr Silley and the company's representatives, the former was most reluctant to part with any information respecting the properties he hopes to acquire, nor did he give any indication of the conditions on which he might be willing to part with his rights. The meeting was sterile in results.

It occurs to me that in these circumstances it might possibly be advisable that the Petroleum Company should approach the Turkish associate (Mehmet Fakhri) whose name appears in the application

I have, &c.
LOUIS MALLET

Enclosure 1 in No. 138.

Report respecting Mr Silley's Claims.

THE examination of the various documents having reference to the applications for "permis de recherches" mentioned by Mr. R. H. Silley has shown that these applications were made by Ottoman subjects for the following —

In the Vilayet of Bagdad

Oilfields at Tekrit, Dibni, and Mendeli. Applicants, Mehmed Fakhri and Mehmed Reshad.

In the Vilayet of Mosul

Oilfields at Hamam Ali and Kifri. Applicants, Mehmed Fakhri and Mehmed Showket.

An application, dated July 1913, for "permis de recherches" for the oilfields at Baba Gurgur, in the Kerkuk district of the Mosul vilayet, was made in the joint names of Mehmed Fakhri and R. H. Silley, and this is the only application amongst the six mentioned by Mr Silley in which his name appears.

Separate statements annexed to this memorandum have been drawn up for the purpose of showing as far as is possible, the action which was taken by the Government Departments in the case of each application and the reasons which were put forward

by the Departments for withholding the issue of "permis de recherches" for oil in the two provinces.

It will be noted that in the case of Hamam Ali and Kifri "permis" were not granted

1. Because these two well-known oilfields come within the category of mines described as "Maden i Mekshoufeh," viz., discovered mines and for which no "permis" are ever issued;

2. Because, quite apart from the fact that under ordinary circumstances these mines belong to the Mekshoufeh class, the concessions of all oilfields situated in the provinces of Mosul had been granted to the Civil List in 1911;

3. Because of certain pending negotiations which had reference to the Chester railway scheme.

As regards the application for the Baba Gurgur oilfields, the only one which seems to call Mr Silley's name appears, the instructions given to the Mosul authorities were to the effect that they were to issue permits and await further instructions. The grounds on which the authorities based their reasons for giving these strictures have not been ascertained, but it seems to be clear that the Mining Department and the concession granted to the Civil List now

The applications for licences to prospect the oilfields at Tekrit and Dibni in the Bagdad province were also set aside, owing to the fact that the concession of the oilfields in that province had also been granted to the Civil List and subsequently been transferred to the Ministry of Finance. The local authorities were also forbidden to grant permits in consequence of instructions from the Porte which were issued on account of the Chester railway negotiations. The Council of State was consulted on the subject in consequence of complaints made by the applicants and decided that there seemed no legal objection to the issue of permits, and recommended that the licences applied for by Mehmed Fakhri and Mehmed Reshad should be granted. It was evident when giving this decision that the Council of State had not taken into consideration the rights which the Civil List or the Ministry of Finance possessed under the concessions in the Bagdad province nor had the orders issued to the provincial authorities by the Porte relative to the non-issue of permits been taken into consideration. The Mining Department consequently acted contrary to the wishes of the Porte, while the recommendation that they should take into consideration what the decision given by the Council of State was dissatisfied the Council of Ministers.

It has not been possible to trace the action taken with regard to the application for Mendeli, but the confirmation of this seems to point to the fact that this demand was set aside, like the others, principally on account of the rights of the Civil List.

The attitude of the Ministry of Mines with regard to all applications for prospecting licences for oil in the Mosul and Bagdad vilayets since the transfer in 1908-9 of the concession of the Mesopotamian oilfields from the Civil List to the Ministry of Finance has been guided by the fact that the firman dated the 5th Shaban, 306 (5th April 1889), the 30th Djemazi-ul-ewel, 317 (5th September, 1898), both confirmed in clear terms by a firman of later date, that is to say, the 15th Ramazan, 1320 (7th December, 1902), granted to the Civil List the sole and entire possession of all known oil wells, as also those which may be discovered and situated in the vilayets of Mosul and Bagdad. This concession has passed to the hands of the Ministry of Finance, and is now the property of that Department. Its validity and real existence are incontestable, as the terms by which the concession was granted have not been annulled by any law or subsequent firman. Under these circumstances, the clauses of the Mining Law, in so far as they have special reference to the conditions of issue of "permis de recherches" have become inoperative, as far as oil is concerned, in the districts which are covered by the concession, and therefore no "permis de recherches" can possibly be granted.

Instances in which this view has been maintained are afforded in the case of Nemli Zaden Tahsin Pasha, who held a prospecting licence for oil in the Bagdad province. This licence was cancelled by a decision of the Council of State, owing principally to the existence of the Civil List concession.

In 1912 the Bagdad Railway Company applied to the authorities of Mosul and Bagdad for eight prospecting licences for oil (one of them was for the Baba Gurgur district), but as the "permis" were applied for "en vue de la prospection d'après accord à la compagnie par l'article 22 de sa convention" [illegible] in this case the

instructions given to the local authorities in two despatches dated the 23rd and 29th January, 1913, were to the effect that permits could not be granted, as the concession of all oilfields in both provinces had been given to the Civil List previous to the date of the signature of the Bagdad Railway Convention.

The Mining Department have in one case been guilty of great inconsistency in the general application of their view, for three permits were allowed to be issued to Raghib and Nazim Beys by the Mosul authorities in June 1326 (1910) for prospecting for oil in the Kerkuk district of that province. These licences were renewed for a further period of one year, although no prospecting operations had been undertaken by the holders during the first legal term of the permits. The Bagdad Railway Company protested strongly against the action of the Ministry in declining to grant them the required permits, when Raghib and Nazim Beys had not only been supplied with licences, but had obtained their renewal without any difficulty. The Ministry was therefore called upon by the company to cause the immediate issue to them of the permits applied for, or to cancel those held by Raghib and Nazim, and, in the event of neither course being followed, the company intimated that they reserved their right to put in a claim for compensation and for damages. No subsequent action appears to have been taken by the Ministry with regard to Raghib and Nazim's permits, but it is at present difficult to conceive that any other logical course is open to the Department than that of cancelling or withdrawing these permits.

While the Ministry has, as has been explained regarding the three firmans of the Civil List concessions, strongly and rightly closed the vilayets of Mosul and Bagdad to all oil prospectors, the Porte has not yet, especially in view of the close negotiations relative to the Chester railway project, forbidden the issue of any prospecting licences for oil in the two provinces.

It has only been possible to ascertain the dates of three stringent orders transmitted both by the Porte and the Ministry to the Bagdad and Mosul authorities relative to the issue of permits, they are —

The 26th Kanun Sani, 1328 (29th January, 1910), stating that permits should not be issued.

The 15th Mart, 1328 (28th March, 1912) informing the authorities that permits cannot be delivered, as the concession of all oilfields belongs to the Civil List.

The 12th Hiziran, 1329 (25th June, 1916), ordering the non-issue of permits.

It is constantly evident that the numerous oilfields situated in the Mosul and Bagdad provinces have long been the cause of accessible to the mining public, owing to the proprietary rights which the Civil List exercise over them in virtue of the firmans of 1889, 1898 and 1902, and which have been exercised by the Ministry of Finance since the transfer of the concessions to that Department in 1909.

Despite both the German and Ottoman Governments passing the object of obtaining oil concessions in the two vilayets, and the usual procedure of application in the first instance for "permits de recherches," these could not be granted to them.

The German Government, however, finally succeeded in negotiating with the Civil List the concession arrangements for working the oilfields in the two provinces, whilst the Ottoman Government entered into a Convention with the Civil List, after the German contract had been cancelled, as well as the later negotiations in 1908–9 with the Ministry of Mines and the Porte, had in view the acquisition, if possible, of the entire concessions as the only means for obtaining an active interest in the development of the Mesopotamian oilfields.

It is therefore clearly manifest that Mr. Silley's friends have vainly been endeavouring to obtain from the Ministry of Mines that which it is not in the power of the Department to grant, as no permits can legally be issued for districts already covered by firmans of concession.

Mr. Silley contends that the applications presented for obtaining permits were drawn up in accordance with the Mining Regulations. On the assumption that the oilfields in the Bagdad and Mosul provinces had not been conceded to the Civil List, but were under the direct and exclusive control of the Ministry of Mines, it is even then doubtful whether the Ministry would have acceded to the demands of Mr. Silley's friends, the manner in which those demands were made.

The oilfields found at Hamam Ali, Kiya, Baba Gargur in the Mosul vilayet and those at Tekrit, Dahm, and Memeen in the Bagdad province are all well known. The State or the local municipalities, as the case may be, have for many years past derived certain regular revenues from most if not all of them. They belong to the class of mines known as "Maden-i-Mekshoufeh," viz., known or prospected mines, and as such

would not come under the permit clauses of the Mining Law, but their working would be subject to the conditions defined in articles 44 and 45 of the Mining Regulations. These are —

"Article 44. L'exploitation des mines appartenant à l'État sera également soumise aux prescriptions des articles de ce règlement concernant les limites, les indemnités, les conditions de l'exploitation et les autres matières le même genre.

"Article 45. L'Administration des Mines publie officiellement la nomenclature des mines déjà découvertes ou abandonnées qui sont connues du Gouvernement Impérial et enregistrées, ainsi que celles les mines dont la concession est annulée. Elle met, si l'on a besoin d'adjudication l'exploitation de ces mines à la besoin pendant une année et la concède au demandeur qui offre annuellement la redevance proportionnelle la plus élevée. On procédera, quant aux autres relevant ces charges, conformément aux prescriptions du présent règlement à l'instar des autres mines."

Numbers of wells in the districts named are annually put up to tender and farmed out to the highest bidders. It is therefore more than probable that, even under the most favourable and free conditions, Mr. Silley's friends would have very little prospect of obtaining permits for those portions, and that their only way of acquiring an interest in them would be that indicated in article 45.

The applications presented to the Basra authorities in the joint names of Silley and Mehmed Fakhri for licences to prospect for oil at Zobair, El Makayesh, and El Hefuff, in the Nejd sanjak, ought to encounter no difficulty whatever, as the Mining Department has full control, and the mining laws at their entirety have full sway in the Basra province.

May 8, 1918.

Enclosure 2 in No. 138.

Applications for Licences.

(1.)

Vilayet Mosul. Kaza Mosul. District Hamam Ali.
Names of applicants for permits. Mehmed Fakhri and Mehmed Sheraket.
Date of application. 1st Shubat, 1327 (14th February, 1911).

ON receipt of this application the Imperial Ottoman Ministry of Mines by despatch No. 17 of the 6th Nissan, 1327 (25th April, 1911), with the request that instructions might be given as to the procedure to be followed.

Replying on the 15th Mart, 1327 (28th March, 1912), the Ministry informed the vilayet that the situation of wells for which the present application was made, to the category of "Maden-i-Mekshoufeh" viz. discovered mines, and that, moreover, as the concession of the oilfields had previously been granted to the Civil List, but now belonged to the Ministry of Finance, no "permis de recherches" could be granted to anyone.

In a petition addressed to the Ministry of Mines dated the 1st Eilul, 1327 (14th September, 1911), the applicants protested against the refusal of the provincial authorities to deliver the permits applied for, this document was referred to Mosul on the 30th Eilul, 1327 (13th October, 1911), for observations. Replying on the 4th Shubat, 1327 (18th February, 1912), the local authorities at Mosul pointed out that all formalities had been suspended in consequence of instructions communicated to them by the Ministry. In some correspondence exchanged with the Sublime Porte, the Ministry pointed out (8th Mart, 1328 (21st March, 1912)), that, in view of the consideration which was being given to the Chester railway scheme, it seemed necessary that the Porte should come to a decision relative to the manner in which applications for licences to prospect for oil in the vilayets of Bagdad, Basra, and Mosul should be dealt with. The Ministry was informed by the Porte on the 10th Mart 1328 (23rd March, 1912) that no "permis de recherches" were to be issued in those vilayets until further notice.

No further action was taken.

(2.)

Vilayet, Mosul District Kerkuk, Kifri
Names of applicants: Mehmed Fakhri and Mehmed Shewket.
Date of application, 1st Shubat, 1326 (14th February, 1911)

This application was dealt with by the local authorities and the Ministry in exactly the same way as that for Hamam Ali.

The applicants petitioned the Ministry of Mines on the 1st Eilul, 1327 (14th September, 1911), and their petition was transmitted to Mosul on the 1st Tesrin Ewel, 1327 (14th October, 1911). The considerations for withholding the issue of "perms" for oil in the Mosul vilayet having been dealt with in the correspondence relative to Hamam Ali, no further communication seemed necessary in regard to Kifri.

(3.)

Vilayet Mosul District Kerkuk Baba Gurgur
Names of applicants Mehmed Fakhri and R. H. Silley
Date of application 25th Hazaran 329 (9th July, 1913)

Some correspondence appears to have taken place between the local authorities and the Mining Department on the subject of this application, for the Mosul authorities were informed in a despatch dated the 3rd Kanun Ewel 1329 (16th December, 1913), that no permits were to be issued to anyone pending the receipt of further instructions. On the receipt of these instructions, the vilayet authorities transmitted the application and plans to the Mining Department in a despatch dated the 3rd Mart, 1330 (16th March, 1914).

N.B. An application was made by the Bagdad Railway Company for the whole of the Kerkuk area (which includes Baba Gurgur) on the 6th (18th) June, 1913. This, although, it is understood, is covered by the "permits" granted to Raghib and Nazim Boys, although the name of Baba Gurgur is not specified in the documents.

(4 and 5.)

Vilayet Bagdad Districts Tekrit and Delim
Names of applicants Melhmas Fakhri and Mehmed Reshad
Dates of applications Fi Tekrit 8th Mart, 1327 (22nd March, 1911) for Delim, 1st Shubat 1326 (14th February, 1911)

The authorities at Bagdad applied to the Ministry for instructions as to what procedure should be followed, they were informed that the concessions of the oilfields had, in the first instance been granted to the Civil List and was subsequently transferred to the Ministry of Finance. It was therefore obvious that no permits de recherche" for oil could be granted to anyone in these districts.

Two petitions dated the 28th and 31st Mars, 1328, respectively (1st and 13th June, 1912) were presented to the Porte by the applicants who complained of the refusal of the Bagdad authorities to issue the desired "permits." The two petitions were referred to the Council of State and by the Council to the Mining Department for observations. In a minute of the 21st Hazaran, 1328 (3rd July, 1912), the Department pointed out that the refusal of the local authorities to grant any permits was based on a resolution of the Porte communicated to the provincial authorities to the effect that the issue of "permits" in the Mosul and Bagdad vilayets was suspended until a decision had been arrived at with regard to the Chester railway scheme. The Council of State however, took an independent view for, in a report dated the 26th Kanun Ewel, 1328 (9th January, 1913), addressed to the Porte, the Council stated there appeared to be no legal impediment to the issue of "permits" in the districts of Tekrit and Delim, and therefore the request made by the applicants Mehmed Fakhri and Mehmed Reshad for such "permits" might be complied with. On being consulted by the Porte on the 12th January, 1913 the Mining Department agreed, referred to the Chester negotiations and to the categorical orders which had been given to the provincial authorities relative

to the non-issue of permits. The Department further pointed out that the concession granted to the Civil List comprised not only all existing oil wells but also those which may eventually be discovered, and recalled the fact that the firmans which had created this concession still possessed the force of law although they had been transferred to the Ministry of Finance. The Department concluded that permits could not therefore be issued for prospecting for oil in districts covered by these firmans of concession, and was of the opinion that all these facts should be taken into account by the Porte when the decision given by the Council of State was considered.

No further action seems to have been taken.

(6.)

Vilayet Bagdad. District Mendeli
Names of applicants Mehmed Fakhri and associates.
Date of application 21st Temuz, 1326 (13th August, 1910)

It has not been possible to ascertain what correspondence took place on this application, but it is understood that, like the other applications this was also not entertained because of the Civil List concession.

[23205] No. 1.

Sir L. Mallet to Sir Edward Grey. — *Received May 25.*

(No. 355.)

Sir, (*Constantinople, May 20, 1914.*)

WITH reference to my despatch No. 241 of the 31st March last, I have the honour to report the arrival of Miss Gertrude Bell at Constantinople on the 3rd instant.

Miss Bell informed me that she left Damascus on the 11th December and went to the desert to the south-east, and got as far as the line of the Plains of the later Roman Empire and to the now ruined Mehemedieh palaces. This line, she visited a village on the Hedjaz Railway, Zizo, where she left by previous before setting out for Nejd. She and Captain Leachman, D.S.O., are the only Europeans about here since the Ottoman flotilla has moved further into the desert, or at least has not proved to be for long, so she thought that they were in little fear as to what might befall them. At Zizo however, they determined to alter their route, and proceeded to the more southerly route to Hail, which Captain Leachman had explored in 1910. Miss Bell then returned to Damascus. Miss Bell's request for a passport from His Majesty's Consul at Damascus, stating that His Majesty's Government could not be responsible for her safety if she went on to Arabia, a statement which she considered perfectly reasonable, is the subject of my despatch No. 28 of the 17th January last. The Ottoman Government, however, refused to grant the passport, although they gave assurance that they would not raise any further difficulties if Miss Bell chose to go to Hail. His Majesty's Government would not, of course, be entitled to complain if anything untoward befell her. She travelled through the desert of the Syrian Desert Railway, which runs to the east of the Hedjaz Railway, following the old road. The Ottoman Government still states, I believe, that the railway nevertheless is not entirely out of the tribes, is slightly greater than it was before the close of the railway. They make no attempt to interfere in intertribal quarrels, but levy the sheep tax and camel tax with some regularity through Sheikhs whom they appoint as their representatives.

At Jauf she spent a day's journey south of Tarrah. Miss Bell turned east to Hayil. The country was rather disturbed, the power of the Amir Ibn Reshid having increased greatly in the last few years. She reached Hayil on the 25th February and stayed there till the 8th March. The Amir who is a boy of 16, was away with his chief adviser and all the men but a few retainers, raiding the Rowala to the north of Syria of the great Anezeh tribe. The raid was, Miss Bell says, only moderately successful. The Rowala had left after her departure, and had captured a large number of camels, a fact which goes to prove the political and military power of the Shammar. There was much gossip concerning a projected expedition against Ibn Saud. The Ottoman Government had sent Ibn Rashid a present. Troops were to be used against him, but there was reason to believe that the result of the expedition

would not be to the Ibn Rashid's advantage. Domestic intrigue in the Rashid family has been rife of late increasing. During the past five or six years two convulsions occurred at Hayil and on each occasion the ruling Amir, and as many of the male members of the family as could be seized, had been put to the sword. Since her departure, Miss Bell states, the Amir's chief adviser, whom she did not see, and his representative in Hayil, who received her, both cousins of the Amir's mother, have been murdered. Miss Bell followed the Hayil route now no longer used by pilgrims on account of the insecurity of Arabia, to Nejef, where she arrived on the 23rd March. The last six days, while the party were among the tribes who are entirely under the authority of the Ottoman Government, were the most difficult part of the journey. The tribes are entirely out of hand and the Government has ceased to exercise even a shadowy hold over them.

Miss Bell reached Bagdad on the 24th March and left on the 13th April, crossed the Syrian desert, where she reports as all comparatively quiet and frequently escorted by native caravans, and reached Damascus on the 30th April.

Miss Bell has kindly promised to furnish you with a detailed account of her travels, the results of which should be of great interest and value as no European has visited Hayil for some considerable years. Much is expected by the Austrian and Herr Nöldeke. His satisfactory narrative should help to throw light on the latter account of Charles Doughty who so closely followed Arabian Desert contains the most interesting description of Hayil. Miss Bell's journey which is in all respects a most remarkable exploit, has naturally excited the greatest interest here.

As soon as I was desirous of meeting Talaat Bey, and I thought that there would be no harm if His Excellency here gave me first-hand information respecting the present situation as regards Ibn Rashid and Ibn Saud's prospects and influence. I invited him to meet Count Lancer.

His Excellency was much impressed with Miss Bell's knowledge than she with his. He told Her that he proposed to appoint His Sister Valide Negyar Hanum practical independence to the Sheikhs of Koweit, Oqair and El Katif, and that the frontier between Ibn Rashid and Ibn Saud would thereby be created. Miss Bell told Talaat Bey that she thought that this latter proposal was quite impracticable which indeed it seems to be.

In reply to my enquiry, Talaat Bey said that he hoped in a few days to be able to communicate the proposals he intended to accept to Ibn Saud. His Excellency was talking unofficially but what he said I should know that negotiations are still in progress.

I have, &c.
LOUIS MALLET

[23207] No. 110

Sir L. Mallet to Sir Edward Grey.—(Received May 25.)

(No. 1.)
Sir, *Constantinople, May 20, 1914.*

WITH reference to Sir G. Buchanan's telegram No. 154 which was repeated to me, I have the honour to state that M. de Giers informed me in confidence that the Emperor himself gave assurances to Talaat Bey in the strictest privacy. M. Sazonof Talaat Bey had made a communication to the effect that the same order which is usually given to Ambassadors had been given to the Prince of Wied, which M. de Giers said was true. They held, however, to consider the Prince of Wied to be a sovereign in the strict sense, and they could not have given a lower order to Talaat Bey. He said that political questions were not discussed at Yalta and that very little had been said about the forces in Albania or about the islands.

M. de Giers went on to say that he was sure that I was glad to see a rapprochement between Turkey and Russia to which I replied in the affirmative. One of the reasons for the distrust of Great Britain in this country for the last few years had been the British and Irish talking with Russia, which had often been mentioned to me by Turkish Ministers as being a menace to their independence. I hoped that the present friendly relations with Russia would endure which seemed possible now that the Slav population was free, and no serious obstacle seemed to present itself to their continuance. M. de Giers replied that he shared this hope although it was difficult to count on Turkey's continuance of any particular line of policy, and that it was naturally the Turkish game to play off one Power against the other. The rapprochement is not very popular in some quarters, where it was unexpected, and an article in the local German newspaper, which I enclose,* contains an intimation to Turkey that too cordial relations with Russia would be regarded as a menace to the interests of Germanism, with which England is associated.

There is a disposition somewhat to parade the Anglo-German understanding with regard to the oil concession in Mesopotamia at the present moment and the close relations of Anglo-German interests in this country. The present situation, though it requires delicate handling, seems to be rather favourable than the reverse to British interests, which will be best served by maintaining the general lines of co-operation with the Triple *Entente* without leaning too ostentatiously towards either group of Powers.

I have, &c.
LOUIS MALLET

[23213] No. 111

Sir L. Mallet to Sir Edward Grey.—(Received May 25.)

(No. 363.)
Sir, *Constantinople, May 21, 1914.*

AS reported in my telegram No. 280 of the 14th instant the first session of the fourth Turkish Parliament was opened on the 14th instant by His Majesty the Sultan in person, whose speech, which is enclosed,* was read from the tribune by Ali Fuad Bey, Secretary of the Palace. The Chamber is composed of about 230 deputies, which number will be slightly increased when the elections in certain districts have been completed. The full House may be expected to contain some 210 Moslems, 17 or 18 Armenians, 17 or 18 Greeks, a few Christians of other communities, and a very small number of Jews.

The representation of the Armenian and Greek communities was the subject of protracted and chicanered negotiations between the respective patriarchates and the Committee, who refused to participate at all in the elections unless they were assured of a certain proportion of members. The accounts which have come to hand from His Majesty's consular officers, show that no interest whatever has been taken in the elections owing in many cases to the absence of opposition candidates and of any pretence of impartiality and freedom. In every constituency but that of Basra the Committee candidates were returned. The record of the election at Smyrna will serve as an illustration of the methods employed shortly before the elections. The Vali made a tour of the districts recommending that the only candidates who should be voted for were those of the Committee of Union and Progress. The kaimakam announced that the elections would be held in the town on the 1st April, but after the assembly of the electors, becoming aware that a local Committee candidate was likely to secure a large number of votes, he postponed the elections until he had referred the matter to the vilayet. The Vali of Beirut then summoned the Leader of the Opposition (who happened to be the Mufti) to Beirut, and there detained him until the election had taken place. Before the voters had their cards into the urn the Government officials insisted on knowing the name of the candidate voted for, in spite of which the Opposition candidate secured 20 votes, but when the result of the election was made known this gentleman was only credited with two votes, the ballot box having been opened and the cards exchanged for others in favour of the Committee candidates.

The elections at Basra, where the notorious Seyyid Talib is very influential, resulted, however, in the return of six candidates belonging to the so-called Liberal party, all creatures or intimate friends of Seyyid Talib, who himself heads the list. The deputies for Mecca and Jeddah may be regarded as representatives of the Grand Sherif, who is hostile to the Committee party, two of them in fact being his sons. Otherwise the Committee seems to have secured the election of its own supporters in the vast majority of Arab districts.

Under these circumstances the ascendancy of the Committee in the Chamber would appear to be no less assured than it was in the packed Parliament of 1912. The Christian and Arab deputies may contain the elements of a future Opposition, but for the time being most of them, no less than the Turks, are the Committee's nominees, and unless some such convulsion as the Albanian movement which drove them from power in July 1908 should again occur, the present Committee Government may hope for a

* Not printed.

long lease of life If it is asked why, being as firmly established as they are they should think it necessary to have a Parliament at all, the answer is that, having the ability to make of it an entirely obedient machine they have nothing to lose and something to gain by an outward respect for the constitutional principles the assertion of which, as against Abdul Hamid's tyranny was their own original *raison d'être* Rather than stultify the revolution they have chosen to reconcile constitutional forms with the only kind of Government suited to an Oriental country, and especially one composed of mixed elements, &c, a more or less intelligent despotism.

It will be observed that in the programme of legislation outlined towards the end of the Sultan's speech, precedence is given to the question of revising the Constitution in such a way as to establish a balance between the legislative and executive powers It may be of interest to glance briefly at the past history of this question, which illustrates the necessity which has been experienced for restricting the powers of Parliament.

The Constitution drawn up by Midhat Pasha in 1877 was revised by Parliament in 1909 in a spirit of intense jealousy of Imperial prerogatives, a jealousy natural enough on the very morrow of the release from Hamidian despotism. It was not long however, before the excessive restrictions of the Sultan's powers began to be criticised, and by the end of 1911 Said Pasha, the Grand Vizier, and the Committee with whom he was acting in conserve found reason to regret it So strong an opposition had arisen in the Chamber that Said Pasha desired to have a free general grant of ordinances while the Committee had the added motive of securing a dissolution before the Opposition could organise its full strength Various methods were framed Said Pasha laid before the Chamber a Bill proposing to modify the Constitution of 1909 in a way designed greatly to facilitate the dissolution of Parliament by the Sultan in the event of a conflict between the Cabinet and the Chamber The advantage of this course was that, if the Bill became law, Said Pasha could freely dissolve. If it did not secure the two-thirds majority required for any change in the Constitution, he could go to the country on that issue after dissolving in a manner not quite as easy but in the circumstances possible The second of these possible events happened and after much tumult Parliament was dissolved in January 1912 Then followed the general election of the spring of that year, in which the Committee's organisation entailed it to win all along the line The modifications in the Constitution were laid before the new Chamber, which adopted them in their main lines and sent them to the Senate They might easily have become law, had not the movement in Albania compelled Said Pasha's new Cabinet to resign in spite of having the whole Chamber at their back and call Ghazi Mukhtar Pasha came into power, and was in turn confronted with the problem of dissolving a Parliament which was not only hostile to his Cabinet but which was anathema to the Albanians who clamoured for its immediate dissolution It is unnecessary to describe the means resorted to which were reported in detail in Mr Marling's despatch No 634 of the 6th August, 1912 It will suffice to recall that the new Cabinet on its turn applied with the Constitution and has now Parliament after obtaining an interpretative decision of the Senate to the effect that the Chamber, having fulfilled the one mandate to which it was restricted, could, during settling the conflict between its predecessor and Said Pasha over the Bill had no longer any legal right to exist This is the decision discreetly referred to in the opening paragraph of the present Speech from the Throne, but then, as now, more openly stigmatised by the Committee partisans as a veiled *coup d'Etat*

It remains to be seen what precise course the present Government will now take—whether it will content itself with letting Said Pasha's cabinet emerge from the Senate in which it has lain dormant since the dissolution of August 1912 and which has already begun to consider it, or whether it will clear up a somewhat obscure situation by submitting to the Chamber a new Bill or Bills dealing with all the modifications which experience has made the Committee think desirable

I will not prolong this despatch unduly by offering further comment on the contents of the speech except to direct your attention to the references made to the Islands question, and the hope of an early settlement with the Italians as regards the Dodecanese, to the paragraph dealing with internal reforms, to the account given of relations with the Great Powers, and more especially the agreements with France and Great Britain, and lastly to the coldness of the reference to the resumption of relations with the Balkan States In connection with the last point it is interesting to read the Speech from the Throne in connection with the friendly but discourse pronounced by the new President of the Chamber immediately after his election on the 19th instant,

translation of which I also enclose.* Halil Bey having been hitherto one of the most influential members of the Cabinet any pronouncement of his deserves some attention, but I do not think that too great importance need be attached to his utterance on the present occasion. It was doubtless intended for home rather than for foreign consumption

I have, &c.
LOUIS MALLET

[23231] No. 112

Sir L. Mallet to Sir Edward Grey.—(Received May 25.)

(No. 297.)
(Telegraphic.) R

Constantinople, May 24, 1914

MY telegram No. 291 of 19th May

His Majesty's consul at Basra telegraphs that he is not answering to Ibn Saud's overtures and nature of Sidky's application, but is not yet seen the Vali.

He reports that the Vali will not dismiss Sidky's application until he is satisfied as to his financial standing. He suggests withholding further assistance and Sidky gives as the information which he requires

Vali's action is illegal as under article 6 of Mining Law applications are to be registered and receipt delivered immediately in order to establish priority of application Inquiries and investigations prove that there are no hindrances such as are referred to in article 6, permits must be delivered

I propose, if you approve, referring Mr Butler who takes charge of consulate to-day, to these articles but informing him that, if Sidky is to be helped he should reply that it will be given on (1) that Sidky furnishes proof that he is sole owner of all rights, or can control his Turkish partner, otherwise latter might cause obstruction, (2) that he could give written undertaking which he has already been asked to furnish respecting British character of the enterprise

As regards areas "permits" can only be given for 15,000 dunums (3,800 acres)

[23231] No. 113.

Sir Edward Grey to Sir L. Mallet.

(No. 237.)
(Telegraphic.) R

Foreign Office, May 25, 1914.

YOUR telegram No. 297 of 24th May Mr Sidky's claims.

Your Excellency may act as you suggest, but please see final paragraph of telegram in my despatch No. 321 for nature of assurance required from Mr Sidky It should of course be in writing

---

23474] No. 114

Sir L. Mallet to Sir Edward Grey.—(Received May 26.)

(No. 307.)
Sir

Constantinople, May 22, 1914

THE representative of J. Samuel White and Co., of Cowes, called upon me this morning to inform me that his firm had been in communication with the Turkish Admiralty for some time past for the sale of two large destroyers of 1,000 tons each which would be ready in a few months, at the price of 470,000*l.* for the two

When the representative came out here he was told that the negotiations were entirely a question of arranging details, but on his arrival Djemal Pasha had frankly told him that, though he very much wanted the vessels, the Finance Department could not spare him the money, as under the terms of the French loan none of it could be spent on British naval orders He was therefore desirous of knowing whether the Government proposed some financial transaction which could facilitate the purchase

White's representative was prepared to accept payment of a quarter of the sum now and the rest in instalments if the National Bank would lend their assistance. On consulting them he found them ready to make Treasury bills if secured on the tithes

* Not printed.

of Adana, to which, however, the Ministry of Finance are reluctant to consent, as the transaction is not a sufficiently important one to warrant the mortgage of the Adana tithes.

The bank is in communication with its principals, but it is unlikely that they will consent to forgo their security, in which case the transaction may fall through unless Djemal Pasha is able to persuade Djavid Bey to give way.

Djemal Pasha is anxious to have the English destroyers in preference to two German destroyers from the Schichau yards, which are being pressed upon him with some insistence. They are, I believe, defective, and although they have been on offer for some time have not found purchasers. White's representative did not ask for my intervention, and I do not propose to take any action in the matter.

In this connection there are rumours in the town that the Germans are again offering to sell the "Goeben" to the Turks, but I have no confirmation of this. The vessel is lying off the Dolma Bagche Palace, and is the subject of much advertisement and excitement in the town, being visited daily by troops of deputies and press correspondents, who are loud in her praises as a fighting machine, and full of complimentary comment of the courtesy of her officers and the splendid appearance of her crew. The Government must, however, be aware of her defects, the principal of which is said to be that she draws 2 feet more water than was intended, and it seems most unlikely that they will purchase her even if it be true that she is for sale.

I have, &c.
LOUIS MALLET

[23753] No. 145.

India Office to Foreign Office.—(Received May 27.)

Sir, *India Office, May 27, 1914.*

WITH reference to previous correspondence on the subject of the relations of Sheikh Ibn Saud of Nejd with the Ottoman Government, I am directed by the Secretary of State for India to forward, for the information of the Secretary of State for Foreign Affairs, copy of a telegram that has been received from the Government of India reporting the result of the negotiations.

Whether or not this report is accurate in every detail, it is probably as near an approach to the truth as will be obtained, and item (*d*) of the demands made to Ibn Saud and the oral permission alleged to have been given to him to retake Trucial Oman and El Katr illustrate the enmity to British interests which would ensue if the Ottoman Government should succeed in making their own terms. On the other hand, Ibn Saud's offer to lend armed assistance when required by Turkey would most probably be fruitful of trouble for His Majesty's Government in the absence of a friendly understanding with him such as clause (*d*) of the Turkish terms is intended to preclude.

Lord Crewe fully appreciates the desire of Sir E. Grey to avoid any course of action that will arouse the suspicions of the Ottoman Government, but he observes no corresponding desire on the part of that Government, and he would suggest that, as an amicable settlement with Ibn Saud has not been reached by direct negotiation, the Ottoman Government should now be urged to accept the mediation of His Majesty's Government on the ground mentioned in Sir E. Grey's telegram No. 175 of the 1st April to Sir L. Mallet.

With reference to the last sentence of the Government of India's telegram, his Lordship would now propose that honorary K.C.S.Is. should be conferred on the Sheikhs of Koweit and Mohammerah, and an honorary C.S.I. and C.I.E. on the Sheikhs of Bahrein and Hajeri Rais respectively, on the occasion of His Majesty's birthday.

I am, &c.
T. W. HOLDERNESS.

Enclosure in No. 145.

Government of India to the Marquess of Crewe.

(Telegraphic.) P. *May 23, 1914.*

FOLLOWING is in continuation of my telegram of the 10th instant:—

Grey at Koweit states that he learns from Sheikh (and that reports from other sources confirm the information) that the Turks demanded from Ibn Saud: first, that their garrisons in Katif and Ojair should be reinstated, and that additional posts should be created in Hasa province to support them: second, that he should give up all posts in Hasa and Ojair; third, that he should hand over all captured arms; fourth, that he should undertake to have no relations with any foreigner or foreign Government. In return, Turks offered Ibn Saud recognition of his autonomy, permission to collect all taxes, &c., and oral permission to recover El Katr and Trucial Oman.

Ibn Saud offered to recognise Turkish suzerainty in retaining Katif, Ojair, and Hasa, to pay £T. 3,000 a year as tribute, and to assist Turkey whenever she needed with armed force. He refused reinstatement of Turkish garrisons, and it was on this point that negotiations broke down.

On arrival at Koweit the Commission presented Sheikh with Order of Osmaniyah, but no ceremony was used.

[23780] No. 146.

Sir Edward Grey to Prince Lichnowsky.

SIR E. GREY presents his compliments to the German Ambassador and has the honour to acknowledge the receipt of his Excellency's note of the 9th instant, on the subject of irrigation works in Asiatic Turkey and cognate matters.

His Majesty's Government are prepared, as the German Government desire, to record the agreement about irrigation in an exchange of notes, instead of in the Anglo-German convention respecting the Bagdad Railway. The text of two notes, as tentatively drafted with Herr von Kühlmann, is annexed to the enclosed draft of the Anglo-German convention. It will be observed that the stipulation as to the principle of open competition is extended so as to cover the whole of Asiatic Turkey as distinct from Mesopotamia, and it is provided that the German Government should furnish to His His Majesty's Government an authentic list, giving the area and scope of German irrigation works on the plain of Acchai. His Majesty's Government would be glad if the German Government would agree to these changes.

A saving clause has also been inserted in regard to canals connected with the Shatt-el-Arab. In view of the importance of keeping the river open for navigation, His Majesty's Government must necessarily regard consistency as taking precedence over irrigation.

Sir E. Grey has noted with much satisfaction that the German Government renounce their demand for the insertion of the article which was formerly No. 7 in the draft Anglo-German convention. In the unlikely event of Basra becoming inaccessible to sea-going vessels, His Majesty's Government would be fully prepared to discuss such a development with the German Government with a view to taking such measures as might be called for.

Sir E. Grey would be glad to know whether Prince Lichnowsky is now prepared to initial the draft convention and explanatory note, and how soon his Excellency expects to be in a position to sign these instruments. His Majesty's Government are particularly desirous that signature should take place before the end of June, at the latest.

Foreign Office, May 29, 1914.

---

* Not printed.

[24342] No. 147.

Sir L. Mallet to Sir Edward Grey.—(Received May 31.)

(No. 303.)
(Telegraphic.) R *Constantinople, May 31, 1914.*

YOUR telegram No. 242 of 20th May.

I have no objection to the modifications in paragraph 1 proposed by Hakki Pasha.

I strongly deprecate Hakki Pasha's proposals for modifications in text suggested in my telegram No. 293 of 21st May for paragraphs 2, 3, and 5. Their effect would be to deprive all institutions in hired buildings of all privileges until such time as they had become proprietors of premises occupied by them, because they would not receive firmans until they had done so.

We admitted that, in the case of premises which are used for institutional purposes, but which are not held in the corporate name of the societies interested or in the name of trustees, the owners are liable for all real property taxes. In these cases, which are very numerous, institutions are not given firmans, but they are none the less entitled to privileges other than [? group omitted ? exemption from] real property taxes—for instance, exemption from customs duties and recognition as legal entities of foreign nationality. I think that, in the light of this explanation, the reasons for the suggestions made in my telegram No. 293 and the effect of Hakki Pasha's proposals will be obvious.

The most serious of the modifications suggested by Hakki Pasha are those in paragraph 5. At the same time I deprecate the suggestion of the alteration of my text of paragraph 2, because the production of plans and title deeds is only necessary when property is owned by the society responsible for the institutions. As regards paragraph 3, my own text is somewhat open to criticism on the ground that it implies that status of institutions in hired buildings is irregular. This implication is much strengthened by the retention of the words I propose to omit.

[24640] No. 148.

Sir Edward Grey to Sir L. Mallet.

(No. 215.)
(Telegraphic.) R *Foreign Office, May 31, 1914.*

I AM very desirous of getting all agreements with Turkey signed as soon as possible and ratified before the end of June. There are, however, certain outstanding points in regard to which Hakki Pasha's instructions are rather indefinite or unsatisfactory.

1. The Mesopotamian oil concession. I cannot ultimately agree to customs increase (see my note of 29th July, 1913, to Turkish Ambassador) or to monopolies until this question has been settled. What is the cause of delay?

2. Turkish Government have declined to agree to addition to article providing that irrigation works shall be put up to open competition. I am telegraphing text of proposed additional clause in a separate telegram.

It is necessary that a provision of this nature should be made, as there is a close connection between the irrigation of the date groves and the conservancy of the river, and if the Commission, which it should not be overlooked will be Ottoman and not British, is deprived of control of irrigation in so far as it depends upon water from the Shatt-el-Arab, the river may become silted up and the whole basis of the present agreements with Turkey and Germany endangered. Perhaps the Ottoman Government do not fully appreciate the physical conditions, or realise that the mud and water from the Karun is forced by the tides up to Kurna fertilising on the one hand the date groves, but on the other hand forming islands in the river channel. We do not wish the present irrigation to be interfered with, but the requirements of navigation must take precedence on the river. Your Excellency should urge Ottoman Government to reconsider their decision.

3. Local lines to serve as feeders for river navigation and lines south of latitude 31. I hope Ottoman Government will send a conciliatory reply to my request to Hakki Pasha. I attach great importance to both points.

[24640] No. 149.

Sir Edward Grey to Sir L. Mallet.

(No. 246.)
(Telegraphic.) *En clair* *Foreign Office, May 31, 1914.*

FOLLOWING is text of proposed additional clause referred to under No. 2 in my immediately preceding telegram of to-day:—

"En tant qu'il s'agit de travaux d'irrigation à exécuter par le moyen de canaux se raccordant directement au Chatt-el-Arabe, il est toutefois entendu qu'ils ne seront pas autorisés par le Gouvernement Impérial ottoman sans avoir reçu l'approbation préalable de la Commission fluviale. Celle-ci aura le droit de surveiller les travaux pour tout ce qui est question pour qu'ils soient exécutés conformément aux plans et devis autorisés."

[24360] No. 150.

Sir L. Mallet to Sir Edward Grey.—(Received June 2.)

(No. 376.)
Sir, *Constantinople, May 27, 1914.*

WITH reference to my despatch No. 310 of the 16th instant, I have the honour to state that I was informed by the Grand Vizier to-day that MM. Westenenk and Hof have signed their contracts with the Ottoman Government, and will enter upon their duties as inspector-general of the eastern vilayets on the 5th July. They have, in the meantime, returned to their respective countries to settle their affairs.

M. Westenenk, who lived with me unofficially during his visit, impressed me as a man of keen and intelligent, but I am unable to say whether he sufficiently realises the importance of harmonious co-operation with the Turks, without which his mission is not likely to be successful.

M. Hof is only able to speak a very few words of French, so that I was unable to form any estimate of his abilities, or to understand how he will make himself understood unless he brings with him a Norwegian interpreter.

I regret to say that the negotiations respecting the terms of the contract have obliterated the good impression which the two inspectors first made upon the Grand Vizier, who spoke to me to-day with contempt of the rapacity of their demands in respect of salary, travelling and installation allowance. I was surprised to hear this as when MM. Westenenk and Hof dined with me they gave me to understand that the Russian Counsellor of Embassy, the impression that they were quite indifferent on these points and were concentrating on the acquisition of greater powers and during the right to dismiss the Vali. As this was a point which the Ambassadors felt themselves unable to resist, pending several months' negotiations, I doubted the wisdom of raising it again. The Grand Vizier informed me that they did not pursue this point. I have since learnt from M. Goukovitch that they are to receive £T. 400 a month, a travelling allowance of £T. 300 and an installation allowance of the same amount, and if dismissed by the Turkish Government, an indemnity.

I have, &c.
LOUIS MALLET.

[24363] No. 151.

Sir L. Mallet to Sir Edward Grey. (Received June 2.)

(No. 379.)
Sir, *Constantinople, May 27, 1914.*

SINCE the presentation to the Grand Vizier by my German colleague and myself of the revised demands for the lease of the Mesopotamian oil concession to the Turkish Petroleum Company, I have twice spoken to the Grand Vizier with a view to hastening a decision.

On the 25th instant his Highness said that our new proposal did not help them at all, because if they made the company the sole lessees of the Government it would amount to a monopoly and bring upon them similar demands from other Powers, which it was their object to avoid.

I told his Highness that there was no use in disguising the fact that the company was asking for a monopoly which had been promised to His Majesty's Government and to the German Government if we could come to terms. We had come to terms, and were asking for the fulfilment of this promise. The company would not be content with anything less. If they adopted the means which we had proposed they would have a perfectly sound argument to use to applicants for a monopoly in other provinces. Whereas if they maintained that all operations in these provinces must be undertaken in accordance with the mining law, and then proceeded under that law to give practically all the fields to the company whom nothing else would satisfy, they would lay themselves open to claims on the part of earlier applicants for "permis de recherches," which had been refused and involve themselves in hopeless inconsistencies, without escaping from the difficulties which they contemplated would arise with other Powers.

I suggested that Mr. Weakley should go to the Ministry and explain the facts to those who were studying the question, and offer which his Highness said that he would be glad to accept when a preliminary investigation had been held.

I asked His Highness again yesterday what progress had been made, and reminded him that he had not yet asked for Mr. Weakley. He replied that the question was still under consideration. I said that I sincerely hoped that it would be settled in a week.

It will be seen from the enclosed memorandum by Mr. Weakley that the Government are evidently unable to make up their minds how to proceed.

In the long run I think that they would be compelled to accept the fact and recognise the existence of the concession, but it may yet take some argument to convince them of this necessity.

It may be observed that a firman cannot be illegal, and as the two existing firmans can only be cancelled by the issue of another firman this would only prove the validity of the previous firman and strengthen our present contention.

I have, &c.
LOUIS MALLET.

Enclosure in No. 151.

Memorandum by Mr. Weakley re Coal Last Firmans.

THE Council of State has been called upon by the Porte to convene a general meeting of the Council in order to deliberate and to give a decision with regard to:

1. Whether the tenour of the two firmans which conferred the concession for prospecting and working the oilfields found in the vilayets of Bagdad and Mosul on the Coal and Petroleum Societies,

2. In what manner in view of the existence of the two companies, these two firmans cannot possibly have the force of law, and that consequently all operations concerning oil must in the two provinces must accord strictly in conformity with the Mining Law.

The Council of State held a full meeting on Monday, the 29th instant, and one of the heads of the Mining Department was present in order to explain the views of the Mining Department with regard to this question. The official is understood to have pointed out that the two firmans have been respected so far and have debarred the Department from issuing permits in the two provinces. It was asked whether any "permits" had really been issued, to which he replied that only three had been granted and explained that these had been issued during the first year of the Constitution when affairs in general were not in a normal condition, but that legally they would have to be cancelled. He further explained that these firmans would have to be respected unless they were of course, cancelled by the issue of another firman.

The Council came to no decision on Monday, and the question was again examined yesterday but with what result I have not yet been able to ascertain.

[24365] No. 152.

Sir L. Mallet to Sir Edward Grey.—(Received June 2.)

(No. 381.)
Sir, *Constantinople, May 27, 1911.*

I HAVE the honour to report that I have received a telegram from His Majesty's consul at Damascus, dated the 23rd instant, in which it is stated that the situation in the Yemen is again showing signs of serious complications. Seyyid Idriss is apparently claiming the same privileges as those of the Imam Yahya, and preparing to revolt if his demands are not granted.

Troops may be moved against him from Medina.

I have, &c.
LOUIS MALLET.

[24473] No. 153.

Sir L. Mallet to Sir Edward Grey. (Received June 2.)

(No. 308.)
(Telegraphic.) R. *Constantinople, June 1, 1911.*

MY telegram No. 306 of this morning.

I discussed subject of your telegram No. 245 of 31st May with the Grand Vizier this afternoon and urged compliance with your requests. His Highness said that he recognised that the concession was in original condition of your consent to 4 per cent., but, if the other two companies were to have no further conditions, he could not understand the turning point forward at this stage. I gathered from your telegram that they were not to have this, but I did not take up this point, and confined myself to pointing out that clause respecting Shatt el Arab [illegible] was proposed quite as much in Ottoman interests as British, the concessionaires being Ottoman.

As for railway line, in view of number of lines which had been given to others, we were asking for very little. Moreover, construction of feeders to this river was as important to Ottoman Government as to ourselves, as they were partners in all concessions. The other request was consequential on lines ever being granted. Your wish was to ascertain the state and relative possibilities of further fruitful. His Highness said that Hakki Pasha had already given instructions, and he expected to have [illegible] shortly, and he would then ask question and see what could be done. He was fearful of having a refusal.

His Highness told me that firmans had gone and he begun well.

[24342] No. 150.

Sir Edward Grey to Sir L. Mallet.

(No. 217.)
(Telegraphic.) *En clair.* *Foreign Office, June 2, 1911.*

YOUR telegram No. 303 of 31st May. Anglo-Turkish convention.

Hakki Pasha has suggested various texts for paragraphs 1, 2, 3, 4, 5 of article 7 in the hope of getting your Excellency's suggestions in a manner acceptable to his Government. Please let me have your views.

Paragraph 1. Les firmans réglementaires seront couverts d'après les usages frais aux institutions britanniques dont ils concernent les intérêts, le bénéficiaire étant celle, actuellement existante, à laquelle [illegible] pour les institutions en question, ou ne pouvant pas être reconnue à la date de la Sublime Porte communiquera aux autorités compétentes [illegible] nécessaires afin que les procédés de culture ou reconnaissance de leur existence légale, et [illegible] les immeubles détenus en fait ou restant sujets aux règlements tant qu'ils ne soient pas couverts par la propriété [illegible] institutions.

Paragraph 2. Les revendications des firmans nécessaires pour les institutions qui sont propriétaires [illegible] elles se trouvent établies. A l'assurance [illegible] Sa Majesté britannique communiquera au Gouvernement Impérial, dans les six mois suivant l'échange des ratifications de la présente convention, une liste établie de ces institutions avec toutes les données d'usage, y compris les plus récentes [illegible] propriété.

Paragraph 3. Quant aux institutions qui ne seraient pas en mesure de produire présentement ces documents, il est réservé à l'Ambassade de Sa Majesté britannique de demander les firmans en question au fur et à mesure qu'elle les aurait régularisé leur situation.

Paragraph 5. Toutes les institutions reconnues par firman jouiront des privilèges fiscaux, douaniers et municipaux qui dérivent du fait de leur reconnaissance.

[25644] No. 155.

Sir Edward Grey to Sir R. Rodd.

(No. 168.) *Foreign Office, June 4, 1914.*

Sir,

THE Italian Ambassador pressed me to-day, now that the Smyrna-Aidin arrangement was signed, to urge the Turkish Government to give Italy the concession for which she asked in Asia Minor. The fact was that the Turks did not wish the Italians to leave the Dodecanese yet, and were relying upon us to put pressure upon the Italians to do so eventually without any concession. He hoped that we would not do this, and he explained the impossibility for Italy to give up the islands without some compensation for the expense to which she had been put. He said that he wished to be able to assure the Italian Government that we would not put pressure on them to give up the islands without the concession.

I did not give any such assurance, and I said that I could not take up the matter of the concession with Turkey till the negotiations about the Persian Gulf and the Bagdad Railway were settled with Germany, Turkey, and ourselves. They were now on the eve of completion. I would speak about the matter, but I thought that the most which I could do would be to point out that, now the Smyrna-Aidin Agreement was signed, we had no objection to the concession for which the Italians were asking, as far as we were concerned the Smyrna-Aidin Railway.

I am, &c.
E. GREY.

[23753] No. 156.

Foreign Office to India Office.

Sir, *Foreign Office, June 4, 1914.*

I AM directed by Secretary Sir E. Grey to acknowledge the receipt of your letter of the 27th ultimo on the subject of the treaties of Sheikh Bin Saud of Nejd with the Ottoman Government, and to state in reply that recent despatches from His Majesty's Ambassador at Constantinople have impressed him with the importance of avoiding at this particular juncture any action of a nature to give fresh food to the suspicions already so rife here and at Constantinople that His Majesty's Government are supporting Bin Saud's policy of making himself independent. It seems to him essential that His Majesty's Government should proceed very cautiously.

The situation has been informally but carefully explored to Hakki Pasha, and it has been suggested by His Highness that Government to Government should be authorised to discuss the question here with the view to a satisfactory arrangement being arrived at here. In these circumstances Sir E. Grey considers that nothing should be done until the result of Hakki Pasha's suggestion is known.

I am to call attention to that portion of the Viceroy's telegram of the 23rd May to which your letter does not refer, and which does not appear to Sir E. Grey to be perhaps necessarily to the interpretation that the Turkish concessions definitely preclude any connection or intercourse between Bin Saud and foreigners. The condition would seem merely to provide that any communication between Bin Saud and foreign Powers or their agents should take place through the Ottoman authorities, a view which appears to Sir E. Grey entirely correct and one in regard to which His Majesty's Government would not be justified in encouraging resistance on the part of Bin Saud a Turkish subject, and specifically recognised as such by the Anglo-Turkish Convention of the 29th July 1913. Sir E. Grey is, in fact, convinced that it would not be compatible with our engagements that Bin Saud should be treated otherwise, or that independent communications with him should be used except in cases where they cannot be avoided, and he trusts that instructions in this sense will be issued.

From a recent but informal communication made by Hakki Pasha, there appears to be little doubt that the Ottoman Government are persuaded Bin Saud would come to terms with them were it not for British influence and the hope of British support. Sir E. Grey fully recognises that arrangements must be made to protect British interests, but only subject to the sovereign rights of Turkey.

Sir E. Grey has no objection to the bestowal of the decorations to which you refer on the occasion of the official celebration of the King's birthday, on the understanding that the information contained in the final sentence of the Viceroy's telegram is definite.

I am, &c.
EYRE A. CROWE.

[25214] No. 157.

Sir L. Mallet to Sir Edward Grey. (*Received June 9.*)

(No. 314.)

Telegraphic. R. *Constantinople, June , 1914.*

YOUR telegram No. 247 of 2nd June. Anglo-Turkish Convention. Institutions. Hakki Pasha has not yet still failed to answer the case of numerous British institutions and buildings. Paragraph 3 again ignored at their position is irregular. This is the more emphasised by paragraph 2 which makes no provision for communication to the Porte of those of these institutions, whereas if they were really to enjoy any privileges it should be essential that Turkish authorities should have official notification of them. Moreover, there is no agreement between paragraph 5 of the note and last clause of paragraph 1. The latter expressly states that the said buildings are entitled to certain privileges. One of the most important of these in our view is exemption from customs duties, whereas paragraph 5 would appear to confine this to the state recognised by firman, and consequently to that owning the property occupied by them.

It is expressly admitted on our side that the properties rented for institutional purposes are liable to all burdens of other owners of property. We deny that there is any other distinction in the matter of privileges between institutions and hirers of property and those occupying their own property. There is nothing obscure in this contention, which constantly corresponds with practice hitherto followed. If Hakki Pasha maintains that such a clear distinction should be drawn, I would suggest asking him to define it before the final text is drawn up.

[25214] No. 158.

Sir Edward Grey to Sir L. Mallet.

(No. 252.)

(Telegraphic.) R. *Foreign Office, June 5, 1914.*

YOUR telegram No. 314 of 2nd June. British missions in Turkey.

In view of the technical complications of this question I find it difficult to conduct the discussions satisfactorily here, and I should be glad if your Excellency would suggest to Ottoman Government that negotiations be carried on at Constantinople. Definite text could be submitted to them as soon as this meaning is agreed upon. The matter is urgent.

Hakki Pasha concurs that above procedure would be most expeditious and in other ways preferable, and it was adopted in regard to French missions.

24887] No. 159.

*Foreign Office to India Office.**

Sir, *Foreign Office, June 5, 1914.*

WITH reference to previous correspondence, I am directed by Secretary Sir E. Grey to transmit to you copy (without enclosures) from the German Ambassador respecting the draft Anglo-German convention.†

The changes desired by the German Government in the convention and the explanatory note appear to Sir E. Grey unobjectionable, they have been embodied, after discussion with Herr von Kühlmann in a fresh revise, which will be forwarded to you as soon as printed.

The change in regard to the Kuteia-Amara Mercantile Line is much more serious and Sir E. Grey has caused the German Ambassador to be informed that he must hold

* Also to Board of Trade. † Not printed.

the German Government to the wording proposed in the memorandum enclosed in his Excellency's note of the 23rd March, and agreed to by His Majesty's Government in their note of the 3rd April. Copies of both these notes are enclosed for facility of reference.*

A copy of a further note from Prince Lichnowsky, respecting section 1 of the explanatory note, is also enclosed.†

I am, &c.
EYRE A. CROWE

[25410] No. 160.

Sir Edward Grey to Sir L. Mallet

(No. 244.)
(Telegraphic.) R. *Foreign Office, June 1, 1914*

HAKKI PASHA has given me unfavourable report about the additional clauses concerning irrigation works which might affect navigation on Shatt-el-Arab (ii) short feeder railways, and (iii) Arab tribunals south of Nasiriyeh, and says he has no satisfactory information about Mesopotamian oil question, though I have impressed upon him my earnest wish to conclude all negotiations as satisfactorily as the latest.

As to (i), the Ottoman Government appear to admit that navigation shall not be interfered with on Shatt-el-Arab by irrigation works, and I have been given no reason to expect reluctance to embody this admission in an agreement in the wording I have proposed, to which I attach importance. The clause I have suggested ensures no possible harm to Ottoman interests, as the Commission itself is to be an Ottoman institution.

As to (ii) and (iii), I am a little surprised that His Majesty's Government should meet with a refusal in regard to such a moderate request, when Turkey has given short extensions of concessions for railways to French and German groups. The complaint has frequently been made lately that British capital avoids that country as a field of investment, the present attitude of the Turkish Government, in refusing even an option for short feeders to an Ottoman company in which British subjects are interested, is perhaps the true answer to the above complaint. Our wish is to facilitate the economic development of Turkey, and to avoid the total exclusion of British enterprise from the regions where concessions have not yet been given to others.

Hakki Pasha says that our requests are regarded at Constantinople as fresh conditions or as an assault to the customs revenue and monopolies, this is a total misapprehension. Point (iv) has been accepted from the first. Point (i) we regard as essential to the immediate and successful working of the Commission, we have proposed it in the interests of Turkey as well as those of international commerce. Point (ii) will be very important to the Navigation Company when irrigation is developed, and the local tribunals would be a safeguard in the event of through traffic to the Bagdad Railway. I cannot understand why the Ottoman Government object to giving the option desired. Point (iii), what we desire is a preferential option for British enterprise, as against foreign, on equal terms.

[25416] No. 161.

Sir L. Mallet to Sir Edward Grey.—(Received June 7.)

(No. 320.)
(Telegraphic.) R. *Constantinople, June 7, 1914*

A RATHER serious situation exists on the Asiatic coast of the Dardanelles owing to large arrivals of Mussulman refugees from Macedonia and Albania and forcible occupation of Greek villages, which the Government officials are either powerless or unwilling to prevent. Also 2,000 Ottoman Greeks are now homeless, and awaiting emigration at Erenkoi. I have to-day brought all facts immediately to the notice of the Minister of Marine, and shall speak to Grand Vizier and Minister of the Interior to-morrow. I shall report fully by post, but, as Russian Ambassador, who

* Part I, Nos. 270 and Part II No. 7. † Not printed.

is employed in the same way, is telegraphing to his Government, you may like to know what I am doing.

I am still of opinion that official representations would be out of place.

[25449] No. 162.

Sir L. Mallet to Sir Edward Grey.—(Received June 8.)

(No. 391.)
Sir, *Constantinople, May 31, 1914*

I HAVE the honour to forward herewith a despatch from the acting British vice-consul at Diarbekr, relative to the general improvement of the situation in the vilayet, as also to progress of work on the Bagdad Railway and the backward state of agriculture in the district.

I have, &c.
LOUIS MALLET

Enclosure in No. 162.

Acting Vice-Consul Hurst to Sir L. Mallet

(No. 8.)
Sir, *Diarbekr, May 16, 1914.*

I HAVE the honour to inform your Excellency that, generally speaking, and exception made of the region referred to in my immediately preceding despatch, the situation in this vilayet has during the past year been more satisfactory than it was previously, and that the Christians with whom I spoke on the subject at different places, although lamenting their lot, usually admitted this relative improvement.

For instance, brigandage in the Silvan and Bitlis districts has abated. Rafts, which were before habitually stopped at the village of Shikefta, are no longer interfered with in the progress down the Tigris, and a gendarmerie post has been established in this robber stronghold. Minor complaints, such as the theft of animals and the non-payment of debts incurred by the Kurds, were fairly frequent, but I heard of no instances of graver offences against life or honour having been recently perpetrated. The best branch of the administration appears to be that of the police, the worst department is undoubtedly that of the tribunals which are still corrupt and venal.

This partial improvement in the state of affairs is due in large measure to the administration of the previous Vali, Ismail Hakki Bey. While it would be premature as yet to make a definite pronouncement concerning his successor, Jalil Bey seems to be desirous of improving upon his previous somewhat unsatisfactory record here.

At Mihat, where a battalion from Sairt has been stationed for some time past, I was informed that the Christians had felt considerable uneasiness for six weeks previous to my visit. It was alleged that certain Turks, amongst them the Kaimakam of Mihat, had been endeavouring to incite the Kurds against the Christians by harping upon the approaching reforms. As I was elsewhere similarly informed, there is probably some truth in these statements. But any such endeavours which may have been made to arouse the passions of the Kurds have proved fruitless.

While at Nisibin, I ascertained that the German engineers and the workmen for this section of the Bagdad Railway are now stationed at Amude, some 16 miles west of Nisibin, and that work is proceeding there.

During my journey I was struck by the rich nature of the soil and the potential agricultural wealth of the vilayet. This was especially the case in the kazas of Bisheri, Silvan, and Nisibin, the two former of which are well watered. At present but a portion of this domain is under cultivation, the rest being pasture land and waste. The methods employed by the peasants have not changed since the times of antiquity. Owing to defective means of communication, the surplus grain often lies useless in the villages, and almost the sole market open is that of Mosul, reached by water. Apart from the natural mental lethargy and conservatism of the people, there is, while circumstances remain thus, but a remote probability of modern methods being adopted.

I have, &c.
L. H. HURST.

[25456]

No. 163.

Sir L. Mallet to Sir Edward Grey.—(Received June 8.)

(No. 398.)

Constantinople, June 2, 1914.

Sir,

WITH reference to my despatch No. 391 of the 31st May last, I have the honour to forward herewith a despatch from the British acting vice-consul at Diarbekir relating to the Kurdish attitude towards the Ottoman Government.

I have, &c.
LOUIS MALLET.

Enclosure in No. 163.

Acting Vice-Consul Hurst to Sir L. Mallet.

(No. 6.)

Diarbekir, May 11, 1914.

Sir,

I HAVE the honour to report as follows concerning an interview which I had with Beder Khanzade Hassan Bey at Jezireh on the 2nd instant, and concerning the Kurdish attitude towards the Central Government in general, deduced from [illegible] obtained and conversations held with several of the Kurdish beys and agas during my recent tour in the Mardin and Diarbekir sanjaks:—

When I visited Hassan Bey, who is one of the most influential of the Kurdish chiefs, and is much esteemed, not only over the tribes of the Jezireh and Botan regions, I found him living very quietly, and in evident apprehension for his personal safety. He at once began to speak frankly to me concerning his plans and aspirations. The tribes, he said, were ready to rise so soon as he gave the word, and were in [illegible] anxious to do so now. He, however, well knew that such a rising would [illegible] be premature, and not wishing [illegible] things [illegible] (with [illegible] reference to recent events at Bitlis) he was biding his time. His great need was for arms. He was slowly accumulating them, but it was a difficult and costly task [illegible] from the [illegible] The [illegible] regarded him with the greatest suspicion, and was sending a battalion to Jezireh on his account. It is true that the troops at Nisibin are being despatched to Jezireh, but the Governor-General of Diarbekir [illegible] that they will not be kept there. He had been offered a post as [illegible] but had replied that he could accept only that of Mardin or Siverek. The Government had refused to bestow either of these upon him. In reply to my question as to what were the concessions he was desirous of obtaining for his people, he replied that he would at first ask for the Kurds privileges similar to those which the Arabs had demanded, such as that Government officials in Kurdistan should be conversant with Kurdish, that the [illegible] obtained by local taxation should be used for the local wants, building roads and bettering educational facilities, &c. It was to England that they looked for the recognition of their claims, and to England that they reposed their trust. Finally, he asked whether he could look to me for any assistance in case of his personal safety being endangered, a possibility to be envisaged, as the Government [illegible] I replied that any action was regulated by Your Excellency's instructions.

Other Kurdish chiefs of lesser importance with whom I spoke also expressed, though in a guarded way, the same distrust and dislike of the present Government, and averred their desire to live at amity with their Christian fellow-subjects. I am, however, doubtful of the sincerity of this latter statement, and consider that their present friendly attitude towards the Christians is due merely to prudence, and to their hatred of the Turk being the greater. So long as they have anything to exact from the Constantinople Government they do not wish to weaken themselves by creating a hostile feeling in their midst.

In spite of the statements of Hassan Bey and of the very general feeling against the Government, there is, in my humble opinion, no probability of a Kurdish rising of any importance in this district for the present. The chiefs have been thoroughly frightened by the outcome of the Bitlis adventure, and, apart from the lack of arms and the fact that the Kurd is not a good soldier even when he possesses them, the requisite concord and cohesion would be found to be lacking.

I have, &c.
L. H. HURST.

[25458]

No. 164.

Sir L. Mallet to Sir Edward Grey.—(Received June 8.)

(No. 400.)

Constantinople, June 2, 1914.

Sir,

THE change of attitude on the part of the Russian Government towards Turkey is the subject of speculation in certain quarters, where it is considered less likely that general considerations are alone influencing Russia than that she has some definite object in view.

This interpretation is borne out by what happened in 1908. Sir A. Nicolson records in his despatch No. [illegible] of the [illegible] October, 1908, a conversation which he had with M. Tcharykoff [illegible] the question of the [illegible] of cordial relations between Turkey and Russia was discussed in immediate connection with that of [illegible] Russia from the restrictions [illegible] her warships in regard to the passage of the Bosphorus and the Dardanelles. [illegible] object [illegible] the removal of these restrictions, it is not impossible [illegible] control [illegible] by Germany over [illegible]

[illegible] Russian naval power [illegible] factors [illegible] If the Russian Government [illegible] their [illegible] Russo-Turkish amity, which has so recently been planted, has had time to [illegible] with much confidence. The Turkish Government have not yet recovered from the effects of the wars, their relations with Greece are at present in a very unsatisfactory footing, the lengthy and complicated negotiations respecting the increase of the customs duties are barely concluded [illegible] of another concession [illegible] that of the stability of the Ottoman [illegible] other Powers who would secure the success of Russia's demand [illegible] or who would affect to consider it [illegible] compensating advantages for themselves.

Nevertheless, in view of the friendly relations existing between the British and Russian Governments, which it is of paramount importance to maintain, I assume that, should the question be raised, His Majesty's Government will adopt the same conciliatory attitude as in 1908, and agree not to oppose an alteration in the regulations [illegible] hitherto laid down.

It will be remembered that you informed the Turkish Ambassador in 1908, as recorded in your despatch No. 171 of the 15th October to my predecessor, that you [illegible] make any change as regards the Straits dependent upon Turkey's willing consent, and had stipulated that no pressure should be applied to her in regard to the question, suggesting [illegible] that His Majesty's Government agree that the Straits might be opened under proper conditions which would be safe for Turkey, which would leave her perfectly free in time of war to open or close them as she pleased, and which, if she were neutral, would not place any of the belligerents at a disadvantage.

I have, &c.
LOUIS MALLET.

[25462]

No. 165.

Sir L. Mallet to Sir Edward Grey.—(Received June 8.)

(No. 404.)

Constantinople, June 2, 1914.

Sir,

WITH reference to my despatch No. 402 of to-day's date, in which I mentioned a conversation which I had with Djemal Pasha in regard to Turco-Greek relations, I am of opinion that Ministers are desirous of avoiding war with Greece if they can obtain what they want, namely, the restoration of Scio and Mitylene to Turkish sovereignty by peaceful means. As it does not seem from M. Streit's last speech that the Greek Government have, at any rate for the present, any intention of negotiating on a basis which the Turkish Government would accept, the chances of ultimate hostilities, if the Greek disposition does not change and unless other circumstances supervene, cannot altogether be disregarded.

As I often before have had occasion to observe, it is not probable that this Government, which came into power with the express purpose of recovering lost territory and which has constantly declared that the restoration of Scio and Mitylene to Turkish sovereignty is essential to the safety of the Empire will, in the long run, be content with the present arrangement. Should negotiations ultimately prove fruitless however desirous the Turkish Government may be of refraining from war, they may find it the sole means of carrying out their programme. That they contemplate or desire the provocation of war in the near future, I should be slow to believe, as it would not seem their interests that hostilities should break out for some months to come, and if war can be averted altogether they realise fully that it would be better to avoid it. I am, therefore, not totally despondent as to the future, though it contains elements of great risk. The experience of the last few months would render it impossible to retain any illusions that the Turks might acquiesce in the retention of Scio and Mitylene by Greece. Sir R. Crawford told me a few days ago that the contraband trade from the islands assumed such serious proportions as to oblige him to send a special cruiser fleet to the spot to study the means of checking it. He said that the revenue cutters worked at great disadvantages, being obliged to confine their operations to the immediate proximity of the coast, lest they should transgress the limits of the territorial waters of Greece. Whether justified or not, the Turkish authorities on the mainland are for ever on the *qui vive*. Djemal Pasha telling me a few days ago that Greek landing parties had been recently landing near Gallipoli and carrying off the belongings of the peasantry. There is probably much exaggeration in these reports but they show a high degree of tension and are of bad augury for the peaceful acceptance of the present arrangements.

The Italian Ambassador, who has recently returned from Rome, is concerned at the prospects and does not disguise his fears lest hostilities may be the result, though he hopes that they will be confined to the sea.

My Russian colleague has, as I have reported, betrayed anxiety lest the Turkish capital ships be the subject of an attack by the Greeks on their way out to Turkey, and has asked if in connexion with this it would be possible for them to come out under the British mercantile flag, which is perhaps nothing more than an indication of his desire that war may be averted but may also to some extent be regarded as indicating that he would personally favour some modification of the present distribution of the islands, probably with a special view of assigning Lemnos to Turkey, its attribution to Greece having always, I understand, been the subject of regret to Monsieur Giers, owing to its strategical position as dominating the entrance to the Dardanelles.

In connection with this question I asked the Grand Vizier yesterday whether Talaat Bey's visit to Berlin had been productive of any good results. His Highness said that the Roumanian Minister had been very friendly and that he thought that they would be happy to help matters if they could, but that at present the negotiations were going on with a view to ascertaining whether the foundations had begun for the restitution of the Dodecanese by Italy, which must be the progressive step to the return of the Italian colleagues. His Highness replied in the negative, saying that he had no anxiety on the point of their ultimate restitution but that his object was of securing them now, because they were safer in the hands of Turkey until the Turkish fleet were able to protect them. If the Italians left them to be occupied by the Greeks to go and mind, as his experience of the European Powers did not encourage him to expect their assistance in turning them out he preferred that the question should stand over for the present.

Since the failure of any result from the direct overtures, which there is little doubt were made to Greece by Turkey some time back for an exchange of islands much less has been heard of this plan of arranging the question, which is less likely to be revived once the Turkish fleet is strong enough to hold its own.

I have, &c.
LOUIS MALLET

[25470] No. 106

Sir L. Mallet to Sir Edward Grey.—(Received June 8.)

(No. 412.)
Sir, *Constantinople, June 2, 1914.*

I LEARN that a syndicate composed of the Anglo-Austrian Bank (on which there is nothing English but the name) and the Société générale de Paris, represented here by Maître Salem, of the Salonica Bank, has undertaken to form a company which will advance 350,000*l.* at once to the Turkish Government for the settlement of the Mussulman refugees from the territories lost as a result of the war, and will advance in the course of the next ten years a sum of 3 millions for the same work, the Government giving the forest revenues as a guarantee for a part of the loan, and the Public Debt Administration encashing the revenue. The company is to be formed within one month of the signature of the contract. The settlement of the refugees will be carried out by a European Director-General to be appointed by the company. He will be assisted by an advisory board, consisting of four Turkish Government members, of whom Captain Deedes will be one, and of four members appointed by the company, one of the Turkish members to preside, with a casting vote. All decisions will be taken by the board, and their execution left entirely to the Ottoman Government. The company will make their profits by being paid 5 per cent. on the capital advance at once, and will be paid a 10 per cent. commission on all moneys actually expended on settlement, not including the payment of salaries, up to 1,000,000*l.* and 5 per cent. after 1,000,000*l.* is passed. If this scheme works well and gives satisfaction in the course of two and a half years, the Government undertake to put before Parliament a Bill granting the company a concession for the creation of a "credit foncier" and also to bring forward the necessary legislation to permit a "credit foncier" to work in Turkey.

I have, &c.
LOUIS MALLET

[25738] No. 107.

Sir L. Mallet to Sir Edward Grey.—(Received June 8.)

(No. 323.)
(Telegraphic.) R. *Constantinople, June 8, 1914.*

YOUR telegram No. 251 of 6th June. Mesopotamian concession.

German Ambassador and I have been pressing for answer to our proposal respecting Mesopotamian affair. By arrangement with Grand Vizier, General attaché has to-day seen Count Ostroróg and discussed matter with him. Council of State has given a decision that Lemnos existing concessions were alleged and that provinces must come under mining law. Commercial attaché pointed out that Council of State cannot revoke Imperial firmans which in any case were legislative Council gave its decision last week, and that system of leasing proposed by us offered only solution acceptable to us, and a way out of difficulty for Turkish Government.

Count Ostroróg admitted privately strength of our case, and said he would speak to Grand Vizier.

I shall see Grand Vizier in a few days to learn result of interview.

I have again urged Grand Vizier to accede to our other demands, and I shall see Talaat Bey to-day or to-morrow.

[25739] No. 108.

Sir L. Mallet to Sir Edward Grey. (Received June 8.)

(No. 324.)
(Telegraphic.) R. *Constantinople, June 8, 1914.*

MY telegram No. 320 of 7th June.

In consequence of reports received from Aivali, Smyrna, Eregli, Brussa, Samsoun, and Kirk Kilisse, as well as from neighbourhood of Constantinople by Patriarchate showing that Ottoman Greeks are being driven from their villages and robbed, and in some cases personally ill-treated by Mussulman refugees with connivance of authorities, Patriarch has closed schools and churches in sign of protest and has addressed application for help to ambassadors. Greek churches and to Church of England. Churches and schools are to remain closed until situation improves.

A similar decision was taken in 1890. My consular reports from Smyrna and Dardanelles confirm news of ill-treatment of Greeks. I have just left Grand Vizier, to whose serious notice I brought these reports, saying, that making any allowances for difficulty of providing accommodation for Mussulman refugees, I was greatly discouraged at his failure to make good his assurances that all treatment of Greeks would cease, reminding him of the mixed commission which he had told me was to

take up the question at once. I warned him of the serious moral consequences which must follow if the present situation were allowed to continue, of the inevitable effect on public opinion in Europe of the step which the Patriarch had just taken, and of the absolute necessity of putting a stop at once to further persecution.

His Highness said that he entirely agreed with me and wanted no convincing, and that he had already given categorical orders to stop movement. I replied that he had told me that so often that I was beginning to wonder whether Government was able to check movement which they had begun by encouraging. He said that one of the great difficulties in placing emigrants was lack of money, but that he was sending Minister of the Interior to the Dardanelles at once to investigate question and could assure me that necessary measures would be taken forthwith. My Russian colleague has also made strongest representations.

I hope to see Minister of the Interior this evening, and will renew my remonstrances.

[25924] No. 169

Sir L. Mallet to Sir Edward Grey.—(Received June 9.)

(No. 328.)
(Telegraphic.) R. *Constantinople, June 9, 1914.*

MY telegram No. 323 of 8th June.

I have spoken to the Minister of the Interior respecting the four points mentioned in your telegram No. 254 of 6th June.

With regard to oil, we must await result of Ostrorog's discussion with commercial attaché.

Minister of the Interior said that he would go into the other three questions on his return from Smyrna. He did not seem to think any of them material.

[25738] No. 170.

Sir Edward Grey to Sir L. Mallet.

(No. 258.)
(Telegraphic.) R. *Foreign Office, June 10, 1914.*

YOUR telegram No. 323 of 8th June. Mesopotamian oil concession.

Action of Council of State will greatly strengthen claims of Sulky and others, and seems to indicate that the Ottoman Government are trifling with this question. I feel that matter, which has now been under consideration of Ottoman Government for over two months, will drag on indefinitely unless we adopt a more determined attitude, and I consider that you and your German colleague should categorically inform the Grand Vizier in writing that, unless the question is satisfactorily settled at a very early date, the two Governments must withhold their consent to the monopolies. You can also refer to my note of 29th July, 1913, to Turkish Pasha, as showing that this question was considered in connection with increase of customs dues, and I presume that your German colleague will also state the view of his Government on this point. It is very desirable for parliamentary reasons that I should be in a position to lay all agreements before 1st July. This cannot be done till they are ratified, and ratification is impossible until the oil question is settled.

[26237] No. 171.

Board of Trade to Foreign Office.—(Received June 11.)

Sir, *Board of Trade, June 10, 1914.*

WITH reference to your letter of the 1st April, regarding the Abu Musa oxide question, I am directed by the Board of Trade to state, for Sir E. Grey's information, that they have been in consultation with Mr. Strick on the subject generally, and particularly in regard to certain points shown in the accompanying *questionnaire**, which was submitted to Mr. Strick), the determination of which appeared to them necessary before any reasonable estimate could be framed of the sum to be offered as compensation to Messrs. Wonckhaus.

The enclosed memorandum, which has been prepared in this Department, contains

* Not printed.

an account of an interview with Mr. Strick, who was accompanied by Mr. Holmes, together with certain observations on the information supplied by those gentlemen. The last three paragraphs of the memorandum contain references to points on which it was not necessary to consult Mr. Strick, but which have been included for the sake of completeness.

Sir E. Grey will observe that in the light of the further information now available, the Board are disposed to think that an offer of 3,000*l.* would not be unreasonable as a complete settlement of Messrs. Wonckhaus's claims.

I am, &c.
GEO. J. STANLEY.

Enclosure in No. 171.

Memorandum respecting Abu Musa Oxide.

Mr. Strick, accompanied by Mr. Holmes, called at this office on the 20th May, two letters on this subject, copies of which are appended to this memorandum, had previously been received from him. In the course of the interview Mr. Strick confirmed the information contained in his letters, and further communicated certain points.

Mr. Strick and Mr. Holmes again laid stress on the fact that oxide does not deteriorate by being left unprotected for any previous period, its quality is overrated to improve as a result of the evaporation of such circumstances of the moisture which is present after it has been mined. Mr. Holmes would be prepared, if desired, to adduce expert evidence in support of this contention.

As regards the admixture of sand in the "Louise" shipment, Mr. Strick explained that such admixture is to be attributed entirely to the primitive methods of mining carried on at Abu Musa, and is not to be accounted for by exposure on the sea-shore. It appears that the miners are in the nature of open workings, and the practice has been to excavate the vein of oxide without regard to the overlying strata, with the consequence that there have been frequent falls of sand and stones from the "roof" of the vein—the debris being allowed to remain mixed with the oxide or only imperfectly removed. Incidentally it may be noted at this stage that the "miners" indicated in item (3) of the claims set out in Messrs. Wonckhaus's letter of the 10th March, 1913, to the German Foreign Office was evidently due to these primitive methods of working, and could not therefore properly form the ground of a claim against His Majesty's Government, even if they were disposed (which they are not) to recognise Messrs. Wonckhaus as partners in the Concession or the Company.

Mr. Strick and Mr. Holmes were accordingly emphatic in their opinion that Messrs. Wonckhaus's claims as regards the deterioration of the "Louise" shipment are wholly unfounded. Indeed they regard that shipment as a fair sample of the quality of oxide ordinarily derivable from the Abu Musa mines.

2. As regards the quantity of oxide capable of being shipped from Abu Musa in a year, Mr. Strick considers that this cannot be stated at 5,500 tons, or the minimum quantity stipulated for in Messrs. Wonckhaus's contract of 1909. Mr. Holmes explained that shipping arrangements at Abu Musa are comparatively primitive, if possible, than the mining methods themselves. There is nothing but an open roadstead and the oxide is apparently to be shipped from boats pushed out from the shore by natives, a mode of procedure which renders it impossible to ship more than 10 tons a day at the outside. On account of the heat prevalent during a large part of the year, and variations in weather conditions, it is not possible to allow for more than 200 days during which shipping operations can be carried on.

It is apparent therefore, that during the unexpired period of their contract (two years and eight months), Messrs. Wonckhaus could not have expected to ship more than 5,500 tons of oxide.

3. It has already been stated that the "Louise" shipment is believed to have represented a fair sample of average Abu Musa oxide. It is true that Messrs. Wonckhaus stipulated in their contract that the oxide should be of the "same quality as the 700 tons shipped by Mr. Robert Wonckhaus" in March, 1913 (i.e. the first shipment by the steamship "Stolzenfels") which it is claimed was sold at an average price of 65*s.* per ton. Mr. Strick is however, at a loss to understand how this oxide could have been sold for more than 50*s.* per ton, which would be a fair price for the very best quality of oxide produced in Abu Musa which can only be procured in extremely limited quantities from the small workings. He is positive that 65*s.* a ton could not have been obtained for it unless it was sold at infrequent intervals and in very small

quantities as the exigencies of demand might permit. Indeed 65*s.* is the price of Hormuz oxide, which, being the finest quality on the market, is considerably superior to the best quality of Abu Musa oxide referred to above. Had a large amount of inferior oxide from Abu Musa been brought into competition with the Hormuz supply the sale price of the latter would, in Mr Strick's opinion, have been speedily reduced, with the result that Abu Musa oxide would have been displaced, and left on Messrs. Wonckhaus's hands. The market, it is alleged, can only absorb from 6,000 to 7,000 tons of oxide a year from all quarters.

The selling price of Abu Musa oxide in Germany according to Mr Strick, would be about 40*s.* a ton. Even that price could, in his opinion, only be maintained with difficulty having regard especially to the length of time (over two years) which elapsed before Messrs. Wonckhaus were able to sell the 1810 tons which they shipped by the "Louise" a delay in no wise to be accounted for by inferiority of quality of that particular shipment but (as has already been stated) by the limited character of the market for oxide and the competition of the Hormuz output.

In the light of these statements it appears to the Board that it would be unreasonable to frame an estimate of the compensation to be paid to Messrs. Wonckhaus on any other basis than the average selling price in Germany of Abu Musa oxide 40*s.* a ton. To take as a basis the price of 65*s.* a ton (that ultimately Messrs. Wonckhaus has the selling price of the trial shipment or even 55*s.* a ton (the highest price at which, in Mr Strick's view, any Abu Musa oxide could be sold in Germany, when moreover only a very small quantity of oxide of this quality is to be found on the island at all) would seem to be extravagant. In any event, if Messrs. Wonckhaus have any claim at all (in the strength of their contract) in respect of a higher price than 40*s.* a ton, such claim would appear to lie against Hassan Saamiya who led them to believe that large deposits of good quality oxide existed on the island, and not against His Majesty's Government.

4. As regards freight charges from Abu Musa to Hamburg, Mr Strick's definite assertion is that 7*s.* 6*d.* should be allowed for this item and not 15*s.* the amount quoted by Messrs. Wonckhaus in respect of the trial shipment of the "Stolzenfels" which has already been referred to. The statement in which, among others this item is given, forms one of the enclosures to the Foreign Office's letter of the 14th October last. Mr Strick is prepared to accept Messrs. Wonckhaus's figures for the other items as a basis on which the average cost of Abu Musa oxide c.i.f. Hamburg may be calculated.

5. The question whether, and how far the price of oxide generally would have been depressed by the addition of an annual supply of 2,000 tons of the Abu Musa product to the world's supply is of course somewhat intangible. Mr Strick however, is confident that such a depression would have occurred that he considers it extremely doubtful whether Messrs. Wonckhaus could possibly have carried out their contract at a profit had it been permitted to run. Had the firm shipped anything like 2,000 tons a year and attempted to sell this quantity in competition with the much superior produce of the Hormuz mines, the price it could have secured would have been so low as to render the venture almost unremunerative, and Messrs. Wonckhaus would probably have had large stocks left on their hands which they could only have unloaded very gradually even at the low price obtainable. In these circumstances Mr Strick considers it conceivable that Messrs. Wonckhaus would have availed themselves of the renewal clause of their contract, indeed financially, he thinks they may deem themselves fortunate to have had their contract terminated after one year and four months of its operation. It is, in anything like an accurate statement of the facts, it would seem that Messrs. Wonckhaus cannot reasonably ask for compensation in respect of the renewal clause of their contract.

It is now possible to estimate the amount of compensation which may be allowed to Messrs. Wonckhaus on the basis of the foregoing. The c.i.f. price per ton of Abu Musa oxide at Hamburg may be calculated as follows:—

	Per Ton (of 20 cwt.)
	s. *d.*
Cost price f.o.b. Abu Musa as per contract ..	15 6
Freight—17*s.* 6*d.*—less 5 per cent. commission . .	16 7
Marine insurance ¾ per cent. of 40*s.*	0 3·6
Discharging	0 3·0
Discount 5 per cent. on sale price 40*s.*	0 4·8
Total	33 6·9

The average sale price being 40*s.*, the net profit per ton on this basis would be 6*s.* 5$\frac{1}{10}$*d.*, or a profit of 1,713*l.* 6*s.* 8*d.* on the total of 5,333$\frac{1}{3}$ tons.

That this estimate is a fair one, is illustrated by the fact that Mr Strick considers a profit of 20 per cent. on the selling price to be excellent and more than could ordinarily be expected. The compensation allowed to Messrs. Wonckhaus on the above basis is equivalent to a profit of over 15 per cent. on the cost price.

The estimate moreover takes no account of the fact that Messrs. Wönckhaus have been allowed to remove large quantities of oxide since the termination of their contract. It appears from information supplied by the Foreign Office and the India Office that, excluding two shipments of 700 tons each by the "Stolzenfels" and the "Muhamm" which were made in March 1906 (*i.e.*, before the commencement of the contract) and excluding also a shipment of 400 tons in May 1910, by the "Nasiri" apparently for Hassan's account, the shipments of oxide made by Messrs. Wonckhaus since the commencement of this contract were as follows:—

Date.	Vessel.	Quantity
		Tons.
June 2, 1907	"Nasir"	300
July 16, 1907 ..	"Victoria" ..	500 (? 900)
April, 1908	"Louise" . .	1,810
May, 1911	(?) . .	300
November 14, 1912 .	(?)	300
Total . .		3,210 (? 3,410)

At least 3,210 tons were, therefore, shipped by the firm since the commencement of their contract, of which no less than 2,410 tons were shipped after the termination of the contract in pursuance of His Majesty's Government's permission.

Lastly, there remains the question of the amount which should reasonably be allowed to Messrs. Wonckhaus in settlement of their direct losses, *viz.* in respect of advances to the mining company and of implements lost on the island (see paragraph 3 of the Board's letter of the 5th January). As regards advances to the mining company the Board learn from the memorandum of Sir P. Cox, copy of which was enclosed with the Foreign Office's letter of the 19th February that, according to Hassan's statements these amounted to only 2,000 rupees. It appears further that the amount of compensation to be allowed for implements (comprising apparently some buckets and planks) left on the island is extremely small. According to a telegram from His Majesty's residency at Bushire, copy of which was communicated to the Board by the India Office, the planks which were the property of the Hamburg-Amerika Line and left on the island by the steamship "Louise," were valued at 4*l.* each.* It would appear, therefore, that a round sum of 150*l.* should cover claims under both heads.

In view of all the considerations set out in the preceding paragraphs a sum of 2,863*l.* 6*s.* 8*d.*—or in round figures 2,000*l.*—might not unreasonably be offered to Messrs. Wonckhaus in settlement of all their claims. Nevertheless, as an act of grace and to give Messrs. Wonckhaus the most complete satisfaction, the Board are disposed to suggest that this sum might be raised to 3,000*l.* This would assume a selling price for Abu Musa oxide of little short of 45*s.* a ton.—a price which according to the facts set out above, Abu Musa oxide, if sold in considerable quantities could never have realised, and it would assume an average net profit per ton of over 30 per cent. on the cost price, as compared with Mr. Strick's outside estimate of 20 per cent.

Commercial Department,
Board of Trade.

* See 26032, where 1*l.* 7*s.* is given. [L. O.

[22608] No 172

Foreign Office to India Office.

(Confidential.)

Foreign Office, June 11, 1914.

Sir,

I AM directed by Secretary Sir E. Grey to state, for the information of the Marquess of Crewe, that Lieutenant-Colonel H. Jacob called recently at this Department in order to discuss a suggestion of his own that he should be lent for some time to the Turkish Government, in order to promote agreement between Turkey and the Arab population in the Yemen.

His Majesty's Agent and Consul-General in Egypt, to whom Lieutenant-Colonel Jacob had explained his views, had said that the matter was one which should be dealt with at the Foreign Office, and it is understood that your Department expressed the same opinion. It is for this reason that Lieutenant-Colonel Jacob has approached the Foreign Office directly, and advantage was taken of the opportunity thus offered to discuss with him very fully the whole situation in South-West Arabia, on which, owing to his wide knowledge of local conditions and personal experience, he was able to throw much interesting light. At Sir E. Grey's request Lieutenant-Colonel Jacob consented to put into writing summarily the views which he had developed in the course of the discussion, and he accordingly furnished the memorandum on the subject, of which a copy is enclosed herein.*

Without desiring to enter into all the questions raised in this paper, some of which concern rather the administration of the regions dependent upon Aden than the relations with the Ottoman Government, Sir E. Grey considers that the suspicion which the Ottoman Government undoubtedly entertain of British influence being used to stiffen the Arabs in their opposition to Turkish rule and authority renders the present moment inopportune for approaching the Porte with a suggestion that British officers should be employed as proposed in this memorandum. He feels, however, that, since the interests of His Majesty's Government are clearly bound up with the maintenance of Turkish authority and with a good understanding between the Ottoman Government and the Arabs, it might be to our advantage to encourage the idea underlying Lieutenant-Colonel Jacob's plan should a suitable opportunity offer later on, when the present Anglo-Turkish negotiations have been concluded, and Turkish suspicions and apprehensions concerning the position of Bin Saud and his relations with the British Government allayed.

Sir E. Grey would therefore be grateful for an expression of the views of the Secretary of State for India and of the Government of India as to the propriety and advantage of eventually approaching the Ottoman Government with the suggestion of utilising the services of officers such as Lieutenant-Colonel Jacob.

I am, &c.

EYRE A. CROWE.

[26303] No 173

Lord Rathmore to Sir E. Crowe.—(Received June 12.)

Winchester House, Old Broad Street, London,
June 10, 1914.

Dear Sir Eyre Crowe,

AS you are aware, on the 29th May his Highness Hakki Pasha, on the instructions of his Government, informed my company that the Ottoman Government proposed that the admission of two Ottoman directors to the council of administration of my company should be a condition of the signature of the draft convention which has now, I understand, been accepted in the form in which it was initialled. This new development of the negotiations was considered at a meeting of the council on Friday last.

The council, after the fullest consideration of the proposals of the Ottoman Government and with every desire to meet their views while at the same time safeguarding the interests of the company, came unanimously though reluctantly to the conclusion that the suggestion of the Ottoman Government could not be accepted without modification. The council have accordingly prepared the alternative proposal detailed below, in the belief that it attains the objects desired by the Ottoman Government while avoiding the difficulties of the Government's suggestion.

* Not printed.

The reasons which principally weighed with my colleagues and myself in suggesting that the proposal of the Ottoman Government should be modified is that the holders of the share and loan capital of my company are almost entirely of British nationality and, in spite of the fact that the company is by its constitution an Ottoman company, yet, in view of its English council of administration, they regard it as a British concern, and would be greatly disturbed if the exclusively British character of the management were to be changed.

Quite apart from the question whether the shareholders would accept the proposal of the Ottoman Government if recommended to them by the council in its present form, a matter upon which my colleagues and I have the gravest doubt, the council feel that in view of the heavy commitments which my company has to face, any change which might cause my company difficulties in raising the further capital required to meet these obligations is one that should not be accepted either in the interests of the company or of the Ottoman Government.

For the above reason from the very commencement of the negotiations my company has upheld that its constitution should not be changed in any manner, and the council are most gravely of opinion that the admission of Ottoman directors to the council would not fail to be regarded as such alteration of the constitution of the company by the general body of shareholders and debenture stockholders as well as by the investing public.

It may be true that other railway companies in the Ottoman Empire that are financed by non-Ottoman capital have agreed to the appointment of Ottoman directors to their boards of management, but, as far as I am aware, the position of none of these companies is analogous to that of my company.

My company operates its system entirely at its own risk, and is, in consequence, solely dependent upon its own credit and success for providing its capital requirements and for meeting its obligations as they become due.

In considering the proposal of the Ottoman Government my colleagues and I have borne constantly in mind the objects which we conceive the Ottoman Government desire to attain by having representatives on the council, and it is with a view to meeting what we understand to be the objects of the Government that the following suggestions are put forward.

These objects, as it appears to us, may be enumerated as follows:—

1. To ensure the continuance of co-operation of the Government and the company, and to enable any differences which may arise from time to time to be settled quickly and satisfactorily, after full discussion by each side of the aims and wishes of the other, the delays and misunderstandings between the parties thus avoiding the difficulties inseparable from the interchange of views between persons not directly in touch with one another and connected only by correspondence.
2. That the Government may be in a position to satisfy itself at all times that the railway is being efficiently and economically conducted in the interests of the inhabitants of the country as well as of the shareholders.
3. That an undertaking which plays so important a part in the prosperity and development of the Ottoman Empire may have an identical and avowed connection with the Ottoman Government.

If we are correct in the assumption that the objects of the Ottoman Government in suggesting the admission of Ottoman directors to the council of administration of my company are those enumerated above, I can assure you that they meet with the fullest sympathy of the council, and indeed they are already very largely attained under the existing conventions between the Ottoman Government and the company. The council accordingly put forward the following proposal, which secures the objects desired by the Ottoman Government without involving the difficulties and opposition which would inevitably ensue if Ottoman directors were admitted as members of the council of administration of the company.

Our proposal is that a committee of two members shall be constituted, to be called "The Ottoman Consultative Committee," the members of such committee to be appointed from time to time by the Ottoman Government, subject only to the reservation that such members are to be acceptable to the council of administration and are to be resident in Great Britain during the term of their appointment.

The Ottoman consultative committee would be empowered by the Ottoman Government to attend meetings of the council of administration when invited to do so, and also, if special occasion should arise, would have the right of requiring a

special meeting of the council to be convened to enable them to submit their views to the council.

The consultative committee would be the official intermediaries between the company and the Ottoman Government, and questions affecting the Ottoman Government as well as any difficulty or dispute which might arise at any time between the Government and the company would be discussed, and, if possible settled by direct negotiation between the council of administration and the committee who would also communicate to the company the wishes and decisions of the Ottoman Government.

The remuneration of the committee would be at the charge of the Ottoman Government.

If the above proposals are satisfactory to the Ottoman Government, the present council and their successors in office will, I am confident, co-operate loyally with the Ottoman Government to make the arrangement a success, and will, so far as it may be necessary to do so, recommend the proposal for the approval of, and ratification by, the shareholders.

Yours very truly,
RATHMORE.

[26369] No. 171.

Sir L. Mallet to Sir Edward Grey.—(Received June 12.)

(No. 334.)
(Telegraphic.) *Constantinople, June 11, 1914.*

YOUR telegram No. 258 of 10th June. Mesopotamian oil concession.

It is quite possible that ultimatum may become necessary in the course of a few days, but it would be infinitely preferable to avoid it if I am able to get the Council's decision altered, as my telegrams Nos. 323 of 8th June and 328 of 9th June will have shown you that I am trying to do.

I have seen the Grand Vizier again since 9th June, and he has, after long discussion, agreed to bring the question of reversing the decision before the Council on Sunday. If there is then no favourable result, I will then propose ultimatum to the German Ambassador, from whom I am enquiring in the meantime how far he is prepared to go.

I regard the ultimate concession of our demand as assured, because it is a condition precedent of our consent to a monopoly of oil and to 1 per cent. I told the Grand Vizier on Monday that we must have a favourable reply before 25th June, and my German colleague has been equally categorical, so that it would be preferable to postpone, at any rate for a few days, presentation of ultimatum containing new condition of our consent to monopoles, effect of which is to accelerate a favourable reply. I should be glad to learn whether any favourable answer has been returned to our new requests. The Grand Vizier says he is most anxious to recall Hakki Pasha, and would prefer to discuss these questions after the conclusion of the present negotiations.

[26476] No. 175.

Sir L. Mallet to Sir Edward Grey.—(Received June 12.)

(No. 335.)
(Telegraphic.) R. *Constantinople, June 12, 1914.*

YOUR telegram No. 259 of 10th June and my telegram No. 319 of 6th June. Mr. Silley's oil concessions.

Silley and his associate Mahomet Fakri discussed their claims with Stock yesterday. Mahomet Fakri finally agreed to negotiate for cession to petroleum company of Basra and Nejd properties and to this Silley has assented. Two partners are now considering terms on which they will negotiate and are to see Stock again. Mahomet Fakri declined to give information respecting actual locality of the Hofuf claim, as he said that he intends applying for more "permis" for other areas in the vicinity of the one now the subject of discussion.

Any deal which may be concluded with Silley over Hofuf claim will, I fear, only encourage him and others to apply for "permis" for other areas in Nejd, with a view to ultimately disposing of them to the company. We have no means to prevent issue

of "permis," and I therefore think, on political grounds as well as in the interests of the company, that Greenway should be advised to send an expert at once to inspect Hofuf area, as well as the surrounding country. If indications of oil are found in those regions the company should immediately apply for "permis" through their Basra agents, and thus, by establishing prior rights, exclude all other applicants. Silley should be then bought out. If, however, no indications be found to exist, I should then think that we can afford to leave Silley alone.

[26369] No. 176.

Sir Edward Grey to Sir L. Mallet.

(No. 262.)
(Telegraphic.) R. *Foreign Office, June 12, 1914.*

YOUR telegram No. 334 of 11th June. Mesopotamian oil concession.

I agree to postponement for a few days as you suggest, but it is desirable that before 1st July final agreement should be signed, and not merely favourable reply obtained.

No reply has been received from Hakki Pasha respecting local feeder lines and Arabian lines, and unfavourable reply has been made about suggested new paragraph to article 5 of monopolies agreement.

The monopolies agreement has now been initialled *ad referendum*, but it cannot be signed until the Mesopotamian oil question is settled, and I should be glad to get the additional paragraph to article 5 agreed to. If this is done, I am quite prepared to agree to discussion of feeder lines and Arabian lines taking place later at Constantinople if you think there is really no prospect of Ottoman Government authorising Hakki Pasha to give us some assurances now on these points; they need not form part of the agreement to be signed, but might be embodied in a separate note.

I do not quite understand Grand Vizier's proposal to withdraw Hakki Pasha before he has signed the agreements which he has negotiated. The position, as your Excellency is aware, is that we can't sign railways agreement until Turkish negotiations with Bagdad Railway Company are completed. You might explain this to His Highness and ask him when this will be.

The only other outstanding points are the monopolies agreement, the Smyrna-Aidin agreement, and the pecuniary claims agreement. It is only when these documents are signed that Hakki Pasha could be recalled, unless Turkish Government want to break off negotiations altogether. I understand from Germans that their agreement with Turkey could easily be settled in one day. If so your Excellency might suggest that Hakki Pasha could be given authority to sign all outstanding documents here next week.

[26303] No. 177.

Sir Edward Grey to Sir L. Mallet.

(No. 261.)
(Telegraphic.) R. *Foreign Office, June 12, 1914.*

SMYRNA AIDIN Company are unable to accept Ottoman Government's request for admission of two Ottoman directors to board. Such measure would alter constitution of company to such an extent that, being without any State guarantee, it would be impossible for them to raise necessary capital to carry out proposed extensions. Moreover it would not be possible to secure its acceptance by shareholders. These reasons appear to us to apply to company's put forward alternative proposal, which appears to offer all that the Ottoman Government's proposal is intended to secure, without being open to the objections of that proposal in its original form. Alternative, of which details have been communicated to Hakki Pasha, is that two commissioners should be appointed with power to be present at specially convened, as distinct from ordinary, meetings of board. I earnestly trust that Ottoman Government will agree to this suggestion and telegraph authority to Hakki Pasha to sign the convention, as initialled with Lord Rothschild, forthwith.

[26478] No. 178.

Sir Edward Grey to Sir L. Mallet

(No. 265.)
(Telegraphic.) R. *Foreign Office, June 12, 1914.*

YOUR telegram No. 335 of 12th June Turkish oil concessions.

I agree with final paragraph Please make the proposal to Turkish Petroleum Company through its Constantinople agents

---

[27104] No. 179.

Sir L. Mallet to Sir Edward Grey (Received June 16.)

(No. 341.)
(Telegraphic. *Constantinople, June 15, 1914*

YOUR telegram No. 265 of 12th June Turkish oil concessions

When I made suggestion contained in last sentence of my telegram No 335 of 12th June, political position in Nejd was not uppermost in my mind. It is at present so uncertain that European expert sent by Turkish Petroleum Company to survey for oil at Hofuf might arouse great suspicion and encounter practical difficulty unless previous arrangements were made with Ibn Saud, and this would be contrary to the policy which I have recommended.

Stock is writing to Nicolls to-day and recommends that a native, preferably an Arab in employ of Anglo-Persian Company at Abadan, should be sent to Nejd in order to ascertain the areas and names of localities where oil may be reported to exist, but outside Shilly's claim. Information thus obtained would be communicated to the Turkish Petroleum Company who could then if necessary apply through their Basra agents for permits. Stock has not yet mentioned these matters to Gunter, nor would this appear to be necessary at present.

[27125] No. 180.

Sir L. Mallet to Sir Edward Grey (Received June 16.)

(No. 345.)
(Telegraphic.) *Constantinople, June 16, 1914*

YOUR telegram No. 262 of 12th inst. Negotiations with Turkey

Grand Vizier promises to try and meet your views in regard to additional article of Monopolies Agreement. Hakki Pasha will be instructed to propose formula which he hopes will prove acceptable. He would prefer to discuss the other two questions after conclusion of present negotiations.

He wishes you to understand that this does not mean that he is opposed to granting your requests. On the contrary, he is very anxious to meet you and to encourage British capital to come to this country.

[27378] No. 181.

Tewfik Pasha to Sir Edward Grey.—(Received June 17.)

Ambassade Impériale ottomane, Londres,
le 17 juin, 1914

Chère Excellence,

JE m'empresse de vous communiquer un aide-mémoire qui relate les nouvelles mesures prises par le Gouvernement pour assurer la tranquillité dans ce pays. Vous voudrez bien y constater toute la sincerité des intentions de la Sublime Porte et son attitude conciliante devant les provocations du Gouvernement et de la presse hellenique.

Bien sincerement à vous,
TEVFIK

Enclosure in No. 181.

Memorandum.

POUR faire suite aux précédentes communications de l'Ambassade Impériale au sujet de l'enquête menée par le Ministre de l'Intérieur de Turquie et des mesures prises pour ramener le calme et la tranquillité, il y a lieu de citer les décisions suivantes qui viennent d'être mises à exécution par le Gouvernement Impérial :

Le commandant de gendarmerie des Dardanelles a été déplacé.
Le préfet d'Edremid a été révoqué.
Le commandant de gendarmerie de Thessalie a été rappelé des cadres.
Plusieurs caïmakams (sous-gouverneurs) ont été révoqués.
L'état de siège a été proclamé à Smyrne et aux Dardanelles et des troupes ont été placées dans les localités où leur présence a été jugée nécessaire.
Les individus soupçonnés de provocations et de troubles, et plus de 1,000 individus inculpés de vol ont été déférés à la Cour martiale.

Son Altesse le Grand Vizir vient, en outre, de presser nos hauts fonctionnaires à Constantinople, les premiers délégués auprès du Ministre de l'Intérieur, à faire strictement privé, auprès de personnes de leur confiance pour encourager le Ministre dans sa tâche difficile et pénible, et j'ai été ainsi informé que l'instruction écrite contenant les mesures d'apaisement adoptées par le Gouvernement Impérial constatait la fausseté des accusations portées contre lui et dont la presse occidentale commence malheureusement à se faire l'écho.

Ambassade Impériale ottomane, Londres
le 17 juin, 1914

[27968] No. 182.

Sir L. Mallet to Sir Edward Grey (Received June 23.)

No. 414.)
Sir, *Constantinople, June 17, 1914*

I HAVE the honour to forward herewith a despatch from His Majesty's consul at Basra, reporting that troubles are brewing on the Tigris and Euphrates, and as to relations between the Vali, Ibn Reshid, and Ibn Saud.

I have, &c.
LOUIS MALLET

Enclosure in No. 182.

Consul Crow to Sir L. Mallet.

(No. 32.)
Sir, *Basra, May 16, 1914*

I LEARN privately that during the recent meeting which took place between the Vali and Ibn Resaut the Vali asked the Amir whether, if necessary, he was in a position to reconquer Hasa and restore it to the Turks. Ibn Reshid is said to have professed his willingness to do so, and to have stated that he merely required the co-operation of 200 Turkish soldiers for the purpose.

It is reported here that Ibn Saud has intimated to Ibn Reshid and Ajeyan-es-Sadun that he is no longer their friend, and that he will take hostile measures against them.

I am informed that, when the Turkish Commission met Ibn Saud at Koweit, the Mutessarif of Hasa presented the latter with a letter from Enver Pasha, together with a revolver and a Koran. The letter requested Ibn Saud to restore Hasa to the Ottoman Government. Ibn Saud, in reply, is reported to have sent Enver Pasha his own dagger, and to have informed the Commission that El Hasa was his property, and therefore he could not hand it over to the Turks, as it was the Amir of Nejd.

There seems to be trouble brewing on the Euphrates, and I hear that Sheikh Ghadban-el-Benayan of the Beni Lam has fighting with Fahd-el-Ghadban and Juwar between Amara and Ali el Gharbi. Arab activity was noticeable in that part of the river when the "Blosse Lynch" with Mr Bullard on board passed down this week. The Arabs were assembling and shouting their "hosa" or war cry, and a number of corpses of

persons who had presumably fallen in a recent affray were seen stretched on the bank in charge of a caretaker.

Trouble is also reported on the Euphrates, and Shattra el Muntific, which is occupied by a Turkish garrison, is said to be besieged by Arabs of the Sehajir section of the Abdan tribes. Disturbances are also reported at Sik es-Sayush and Nasriel. A force of soldiers, gendarmes, and some artillery left Basra with the commandant of gendarmerie on the 14th instant for Shattra el Muntific.

I am informed that Ajeym ibn-Sadun, who is naturally incensed at the Vali's treatment of his relatives, as reported in my despatch No. 29 of the 9th instant, is collecting his tribes with the intention of attacking Zobeir and Basra. The population of Zobeir are said to be under arms. The great part of them favour Ajeymi. There is some agitation among the inhabitants of Basra in consequence.

The muchir of police, Beha Bey, who apparently took it on himself to criticise the action of the Vali in sundry matters of local interest, and reported unfavourably on his Excellency's conduct of affairs to the Vali of Bagdad and Constantinople, has been summarily dismissed by the Vali from his post, and was deported to Bagdad by the steamship "Mosul" on the 14th instant.

I have, &c.
F. E. CROW

[27971] No. 183.

Sir L. Mallet to Sir Edward Grey.—(Received June 23.)

(No. 447.)

Sir, *Constantinople, June 17, 1914.*

I TRANSMIT herewith a copy of the instructions to the inspectors-general, which were elaborated by MM. Westenenk and Hoffmann in consultation with the Government. They are in some respects not so precise as could have been wished for, but they afford the inspectors sufficient powers to accomplish a great deal in the way of reform, if they are able to impose their authority, and if they have administrative capacity.

My Russian colleague and I are having some difficulty in persuading the Grand Vizier to address to the Ambassadors the note which was enclosed in my despatch No. 86 of the 9th February, as his Highness desires to defer this until the Chamber rises. But we are making every effort to overcome this difficulty.

I have, &c.
LOUIS MALLET

Enclosure in No. 183.

Instructions issued to Inspectors-General.

ARTICLE 1er. Les inspecteurs généraux établiront leur siège dans la ville de leur secteur respectif, qu'ils jugeront répondre le mieux au besoin de service.

Ils fixeront eux-mêmes l'époque et la durée d'exécution d'inspections et tournées qu'ils auront à faire dans leur secteur et y procéderont, soit par voie de délégué, sous cette réserve que tous les mois ils devront adresser tant au Ministère de l'Intérieur qu'au Ministère de la Justice un rapport sur la situation dans leur secteur au point de vue de l'administration civile et de l'administration judiciaire.

Art. 2. Les inspecteurs généraux auront le contrôle de l'administration de la justice, de la police et de la gendarmerie de leur secteur.

Dans le cas où les forces de sûreté publique se trouveraient insuffisantes et sur la demande de l'inspecteur général les forces militaires devront être mises à sa disposition pour l'exécution des mesures prises dans les limites de sa compétence. En cas de besoin, par les inspecteurs généraux des employés télégraphistes seront détachés à leur résidence privée pour l'expédition de la correspondance officielle. Il sera établi, à l'usage des inspecteurs généraux, un code spécial pour leur permettre de correspondre en chiffres avec le Grand Vizirat et les Ministères de l'Intérieur et de la Justice. Des gendarmes à cheval seront toujours mis à leur disposition pour leurs tournées privées.

Art. 3. Les inspecteurs généraux veilleront à l'application dans leur secteur respectif des dispositions de la loi sur l'administration des vilayets et des communes et de tous autres lois et règlements concernant les matières de l'administration, de la justice, de la police, de la gendarmerie.

Art. 4. Les inspecteurs généraux soumettront à la Sublime Porte après avoir pris l'avis des Gouverneurs généraux des avant-projets de lois accompagnés d'exposés de motifs pour demander la modification des dispositions de lois de l'Empire qui ne correspondraient pas au besoin reconnu de leurs secteurs. Ils élaboreront également des projets d'instruction susceptibles de faciliter l'application desdites lois dans leur secteur respectif.

Ces projets d'instruction devront être soumis à l'approbation du département qu'ils intéressent.

Art. 5. Les inspecteurs généraux désigneront les localités nécessitant l'établissement d'une organisation administrative civile en conformité de l'article 3 de la loi sur l'administration des vilayets et après avoir pris à ce sujet l'avis des Gouverneurs généraux et des commandants des corps d'armée auront préparé les avant-projets des lois y relatifs. Ils détermineront le point d'attache des villages et des communes prétendant relever des deux vilayets. Ils feront connaître au Ministère de l'Intérieur leur avis sur les décisions qui, conformément aux dispositions de l'article suivant, seront prises par les conseils généraux des vilayets au sujet du changement des chefs-lieux des sandjaks et des cazas, de la modification et de la rectification des limites de ces sandjaks et cazas ainsi qu'au sujet des élargissements qu'il y aurait lieu d'apporter à leur répartition administrative.

Art. 6. En conformité de l'article 4 de la loi sus les vilayets les inspecteurs généraux élaboreront et soumettront au Ministère de l'Intérieur des projets de règlements spéciaux sur l'installation et l'administration des tribus nomades se trouvant dans leur secteur en tenant compte de leur usages et coutumes de leurs besoins sociaux et des exigences locales.

De concert avec les Valis ils arrêteront les mesures nécessaires pour prévenir toute dépréciation de leur part dans les régions habitées jusqu'à ce que ces tribus soient habituées et accoutumées aux travaux agricoles et industriels.

Art. 7. Il incombe entre autres devoirs aux inspecteurs généraux de consolider la bonne harmonie entre les divers éléments ethniques de leur secteur de disparaître s'il en existe, les malentendus qui les séparent, d'assurer l'égalité des droits de tous et de faire respecter de façon générale la liberté et la sécurité de chacun. Dans cet ordre d'idées les inspecteurs généraux auront notamment à exercer une surveillance directe sur le règlement des conflits en matière de possession de terres qui opposent certaines localités de différents éléments divers de la population.

Art. 8. Il sera de la compétence et du devoir des inspecteurs généraux de veiller à ce qu'il soit procédé sous leur surveillance et dans le plus bref délai possible à un recensement définitif établissant la proportion exacte des différentes religions, nationalités et langues dans leur secteur respectif.

Les inspecteurs généraux veilleront à l'application dans leurs secteurs respectifs des dispositions suivantes arrêtées par le Gouvernement Impérial.

Les membres élus aux conseils généraux (conseils communaux) et aux comités (conseils) des vilayets de Van et Bitlis seront par moitié musulmans et non-musulmans. Dans le vilayet d'Erzeroum où le recensement définitif n'est pas effectué dans un délai d'un an, les membres du conseil général seront de même élus sur la base de l'élément musulman dans les deux vilayets susmentionnés. Dans les vilayets de Sivas, Kharpout et Diarbekir les membres des conseils généraux seront élus à proportion basée sur la base du principe de la proportionnalité. A cet effet jusqu'à recensement définitif le nombre des électeurs musulmans restera déterminé d'après les listes ayant servi de base aux dernières élections et le nombre des députés musulmans sera fixé d'après les listes qui seront présentées par les communautés non-musulmanes. Si, cependant, les difficultés matérielles rendaient ce système électoral provisoire impraticable, les inspecteurs généraux auront le droit de proposer pour la répartition des sièges aux conseils généraux des trois vilayets de Sivas, Kharpout et Diarbekir une autre proportion plus conforme aux besoins et aux conditions actuelles desdits vilayets.

Dans tous les vilayets les conseils généraux seront élus sur la base du principe de la proportionnalité la minorité sera représentée dans les comités (conseils).

Les membres élus aux conseils d'arrondissements seront en même partie musulmans et non-musulmans.

A moins que les inspecteurs généraux n'y voient de convénient, le principe d'égalité entre musulmans et non-musulmans sera appliqué pour le recrutement de la police et de la gendarmerie dans les deux secteurs, à mesure que les postes deviendront vacants.

Le même principe d'égalité sera appliqué autant que possible pour la répartition de toutes les autres fonctions publiques dans les deux secteurs.

Art. 9. Les inspecteurs généraux contrôlent directement ou indirectement le mode

d'accomplissement du service de tous les fonctionnaires, verifient leur degre de capacité et de diligence.

Ils feront dresser des états de service de tous les fonctionnaires.

Art. 10. Les inspecteurs generaux révoquent selon le cas tous les fonctionnaires dont ils auront constaté l'insuffisance ou la mauvaise conduite en déferant à la justice ceux qui seraient reconnus coupables d'actes punis par les lois. Ils remplacent les fonctionnaires révoqués par de nouveaux titulaires remplissant les conditions d'admission exigées par les traités et les règlements. Ils auront le droit de presenter à la nomination du Gouvernement de Sa Majesté le Sultan des fonctionnaires supérieurs. De toutes les mesures de coercition prises sont prévenus immédiatement les Ministères compétents par des dépêches télégraphiques suivies dans la huitaine du dossier des fonctionnaires et d'un exposé des motifs détaillé.

Les fonctionnaires supérieurs sont [illegible].

Les recettes relatives aux fonctionnaires relevant directement des Valis seront communiquées à ces derniers.

Art. 11. Dans les cas où il serait constaté des actes contraires des Valis nécessitant l'emploi des mesures de rigueur urgentes, les inspecteurs generaux s'adresseront par télégramme au Ministère de l'Intérieur, qui en avisera immédiatement le Conseil des Ministres, qui statuera dans un délai maximum de quatre jours après la réception du télégramme de l'inspecteur général.

Art. 12. Les inspections particulières de la gendarmerie, des travaux publics et de la agriculture relèvent directement de leurs départements respectifs, mais sont placés au même titre que les fonctionnaires de l'ordre judiciaire sous la surveillance des inspecteurs généraux, en tant que juges urgents pour l'inspecteur général sont tenus d'exécuter les communications qui leur seraient adressées par ce dernier. Ces inspecteurs soumettent en même temps à l'inspecteur général la copie de leur rapport sur les inspections qu'ils feront et confirmation de leurs instructions et l'original de ce rapport au département dont ils relèvent.

Les rapports d'inspections et l'enquête sur le mode d'accomplissement de leurs devoirs par les fonctionnaires, qu'elles soient faites sur l'ordre des Ministres ou de l'inspecteur général, seront également soumis en même temps en copie à l'inspecteur général et en original aux Ministères respectifs.

Art. 13. Les inspecteurs des travaux relevant directement du Ministère des Travaux publics enverront aussi au Ministère les rapports d'inspection qu'ils auront à effectuer en conformité du règlement spécial et en remettront une copie à l'inspecteur général. Dans tous les cas, ce dernier jugera s'il doit provoquer une inspection sur un cas spécial et le notifiera à l'inspecteur qui se trouvera alors engagé en l'inspection générale. L'inspecteur en chef se rendra dans les vilayets pour inspecter personnellement, soit par les soins d'un autre inspecteur et l'en présenter le rapport à l'inspecteur général.

Le Ministère des Travaux publics organisera de pareilles inspections.

Art. 14. Dans le cas où un fonctionnaire pour autre qui serait reconnu coupable d'un délit passible de jugement sur la révocation appartient à la catégorie des juges mandataires, l'inspecteur général en référera au Ministère de la Justice pour le faire traduire en justice.

La solution ministérielle ne devra pas tarder au delà d'une semaine. Si le fonctionnaire n'est pas maintenu en service et son remplacement seront référés par l'inspecteur général soit au Ministère de la Justice soit au procureur général près la Cour d'Appel, selon le degré d'importance du poste.

Dans ces cas graves nécessitant des mesures urgentes les inspecteurs généraux jouiront d'un droit de suspension immédiate à l'égard des fonctionnaires mêmes inamovibles de l'ordre judiciaire, à la condition d'en déférer immédiatement les cas au Département de la Justice.

Art. 15. Un des plus importants devoirs des inspecteurs généraux consistera à veiller à ce que les débats judiciaires restent à l'abri de toute pression extérieure et soient jugés avec la plus grande impartialité et liberté et que les juges ne soient influencés en aucune façon.

Art. 16. Les fonctionnaires de l'ordre judiciaire seront obligés de se conformer aux communications des inspecteurs généraux visant les réformes à introduire dans la partie administrative et les travaux de greffe des affaires judiciaires afin d'en assurer le cours régulier.

Dans cet ordre d'idées les inspecteurs généraux veilleront à l'application dans leurs secteurs respectifs des dispositions suivantes arrêtées par le Gouvernement Impérial. Les lois, decrets et avis officiels seront publiés dans chaque secteur dans les

langues [illegible]. Chaque partie aura le droit d'user de l'une ou de l'autre de ces langues devant les tribunaux et devant l'Administration locale, suivant l'usage en vigueur. Lorsque l'inspecteur général le jugera possible. Les arrêts et les jugements des tribunaux seront dûment motivés et traduits, accompagnés si possible d'une traduction dans la langue des parties.

Art. 17. L'organisation et la réorganisation de la police et de la gendarmerie s'effectueront dans chaque secteur sous la direction et au nom de l'inspecteur général. Les inspecteurs, juges et procureurs nécessaires à l'organisation de la police et de la gendarmerie seront, si besoin est, mis à la disposition de l'inspecteur général et entretenus par l'autorité centrale.

Art. 18. (a) La liste civile de toutes les institutions d'instruction publique sera remise aux inspecteurs généraux.

(b) [illegible].

Art. 19. Les inspecteurs généraux verseront dans leurs totaux les crédits affectés dans le budget aux services publics civils et après en avoir référé aux Valis signeront ceux qu'ils trouveront supérieurs aux besoins réels en vérifiant si les dépenses utiles que nécessiteraient ces dépassements de crédit.

Art. 20. Les inspecteurs généraux étudieront les mesures propres à permettre de proposer à la décision centrale le système de perception des taxes qui, tout en sauvegardant les intérêts du trésor, tiendra aux besoins réels et aura pour caractère simplicité et pratique de nature à ne trouver aucune sorte de difficulté pour les cultivateurs.

Art. 21. Les inspecteurs généraux contrôleront étroitement le mode de perception des impôts et la remettront aux Valis pour les localités où ils le croiront nécessaire, pour soumettre des propositions tendant à le remanier en vue d'alléger ou d'augmenter les ressources.

Art. 22. Les inspecteurs généraux feront étudier par les services techniques spécialistes qui leur seront attachés tous les moyens auxquels il y aurait utilité à recourir en vue d'entretenir et d'exploiter les immenses forêts de leur secteur au plus grand profit de l'état, d'améliorer et d'assurer le progrès de l'agriculture, de diminuer les dépenses locales, de payer l'instruction publique, de encourager l'industrie et le commerce, de créer des ressources nouvelles. Ils feront savoir en outre tout ce qui est de nature à contribuer au développement intellectuel et économique des vilayets.

Dans le cas où des abus seraient constatés par les Valis, ils en référeront aux réformes à remplir par le service public intéressé, à la promulgation de lois ou de décrets Impériaux. Quant aux mesures de dépenses qui nécessitent soit le service de crédits spéciaux dans le budget général, soit une dépense nouvelle, Impériales, ils en référeront aux départements intéressés.

Art. 23. Pour l'accomplissement de ses fonctions il sera attaché à la personne de chacun des inspecteurs généraux:

1. Un secrétaire général chef de bureau et [illegible] suffisant de rédacteurs, traducteurs, expéditionnaires et commis d'ordre.
2. Un inspecteur pour les affaires civiles et judiciaires générales.
3. Un inspecteur pour les affaires financières.
4. Un inspecteur pour l'instruction publique.
5. Un inspecteur spécialiste étranger ou ottoman pour les travaux publics.
6. Un inspecteur spécialiste étranger ou ottoman pour l'agriculture.
7. Un chef de bureau et [illegible] pour les officiers de gendarmerie étrangers.
8. Un secrétaire particulier étranger.
9. Un drogman pour le Kurde.
10. Un drogman pour l'Arménien.

Les fonctionnaires ci-dessus énumérés seront nommés sur la désignation ou avec l'adhésion des inspecteurs généraux et leurs attributions seront déterminées par un règlement spécial élaboré avec le concours des inspecteurs généraux.

[28284] No. 184

Foreign Office, February 24, 1914.

(Received June 23.)

Sir, *Foreign Office, June 20, 1914.*

I AM directed by the Secretary of State for Foreign Affairs to forward, for the information of Sir Edward Grey, a copy of a note by the Director-in-chief, Pan-European Telegraph Department, together with a copy of a letter to him from his

agent at Constantinople, on the subject of a proposal to enter into negotiations with Turkey with a view to Turkey becoming a party to the Joint Purse Agreement. I am to refer to the correspondence ending with the letter from this Office of the 25th November, 1891, in which a similar proposal was discussed, and I am to state that, in the altered circumstances, the Marquess of Crewe considers that the reasons then expressed by the Government of India against the admission of Turkey into the Joint Purse Agreement have lost much of their force, and he is disposed to make use of the present opportunity to reopen negotiations with Turkey on the subject. Before finally deciding to do so he will be glad to receive any observations which Sir E. Grey may desire to offer, and will also await the observations of the Government of India which he has asked for.

I am &c.
LIONEL ABRAHAMS.

Enclosure 1 in No. 184

Note by Director-in-chief of Indo-European Telegraph Department

IT will be recalled that this Department have previously endeavoured to obtain control of the Turkish line of telegraph between Constantinople and Fao, which, under Turkish management has always proved an inefficient line of communication. The Government of India were anxious to secure the control of the line, and to make it an efficient alternative route in the event of the closure by war or political disturbance of the "Eastern" and "Indo" routes. Both the Government and the companies have always been anxious that the Turkish line should not pass into the hands of a foreign Power or company—a contingency which there was at one time reason to fear. When this Department joined the Joint Purse Arrangement in 1878 the companies were given to understand that our efforts to obtain control of the Turkish line would not be relaxed. Various efforts were accordingly made with this object subsequent to that date, but without success. The Eastern Telegraph Company have also made efforts to obtain control of the line on their own behalf. In 1891 it was recognised that if disconnected action was in effect taken, and with the consent of the other partners the late Sir John Pender, chairman of the Eastern Telegraph Company, submitted a proposal to the Turks to become a partner in the joint purse. The chief conditions attached to this proposal were—

1. That the line should be inspected by a competent engineer, and an estimate made of the cost of putting the line into efficient state. The money required for this purpose, about 20,000*l*., was to be advanced by the joint purse and recovered by instalments.

2. That three competent inspectors, selected by the Joint Purse but paid by the Turks, were to be placed on the line to see that it was kept thoroughly maintained.

3. That during the continuance of the arrangements the Turkish Government should not construct any competitive line to be constructed or worked.

4. That the tariff via Fao should be the same as that by the other routes.

The revenue derived from transit traffic by the Turks at that time was estimated at about 2,000*l*. a year, and it was proposed to allow them a revenue calculated on the basis of 1,000 words per day, the value of which, at the rates then prevailing, was about 16,000*l*. per annum. Negotiations on this basis were continued intermittently for some years without result.

The Ottoman Ministry of Posts and Telegraphs have now approached our agent at Constantinople, and also the Superintendent of the Eastern Telegraph Company, to ascertain whether, if a formal proposal is made by Turkey to enter the Joint Purse Agreement, it would be favourably considered, as, if so, they offer to send a delegate to London to carry on the negotiations.

An informal meeting of the Indian Joint Purse Committee was held yesterday (15th June) to consider the proposal, and the representatives of the Eastern and Indo-European Telegraph Companies expressed themselves as being strongly in favour of entering into negotiations with Turkey, and it seems to me that in view of prospective developments in Mesopotamia which may render that route a serious competitor for telegraph traffic in the future, the present is likely to prove a more favourable opportunity than if it be deferred till the time when competition has become acute.

The Turkish revenue on the Constantinople-Fao section has averaged between 2,000*l*. and 3,000*l*. per annum, but in consequence of the recent reduction of rates on the other routes the Turks have been compelled to reduce their transit rate from 1s. 6¾*d*. to 40 centimes a word, entailing on them a considerable loss of revenue. Although they have formally assented to make this reduction, they have not yet fixed the date on which it is to be brought into force. The prospect of a reduced revenue has no doubt induced them to come forward with their present proposals, and unless the joint purse can come to some satisfactory arrangement with them, there is a prospect either that the line may be allowed to fall into a state of complete inefficiency or that it may be leased to the German Government or to a foreign company.

The arrangement proposed in 1891 was submitted to the Government of India for their views, but in their despatches Nos. 7 and 16, dated the 22nd April and the 25th August, 1891, respectively, they took strong objection to it, as they considered the Eastern and Indo-European Companies would thereby obtain a monopoly of the telegraph traffic to India. They contended that the maintenance of the Turkish route, even in its inefficient state, was preferable to allowing it to be brought under the control of the companies, and its maintenance as an independent route enabled them to put pressure on the companies to reduce their tariffs. Since then, however, cables have been laid in the Pacific while the introduction of wireless telegraphy alters the conditions entirely, rendering the objections then raised obsolete; moreover, a control of the rates is now obtainable in other ways.

The Turkish line is in a better state of repair than it was in 1891, and the companies do not propose to insist on its inspection nor to advance money for its repair. They propose that Turkey should be offered a percentage of the joint purse based on an average of 1,000 words per day, giving them an income, at the rates now prevailing, of about 5,000*l*. or 6,000*l*. a year. The companies are anxious to lose no time in entering into negotiations, but I explained that I cannot join in them without authority. In these circumstances I would submit that I may be authorised to agree to the principle on behalf of this Department to the admission of the Ottoman Government as a partner in the Cis-Indian Joint Purse, and to arrange the details which would be submitted to the Secretary of State for final approval.

R. C. BARKER.

Enclosure 2 in No. 184

Agent of Indo-European Telegraph Department to Director-in-chief

Constantinople, May 23, 1914.

I HAVE the honour to inform you that I received yesterday a visit from an official of the Ministry of Ottoman Posts and Telegraphs, who had been deputed by the Minister of that Department to call on me with a view to ascertaining whether a proposal made by Turkey to enter the Joint Purse Agreement would be favourably considered by the Indo-European Telegraph Department.

I was informed that in the year 1892 negotiations were commenced by the Eastern Telegraph Company with the above-mentioned object, but that no agreement was arrived at. The Ministry of Ottoman Posts and Telegraphs are now anxious to reopen negotiations, but they are unwilling to do so unless there is, in principle, a preliminary acceptance of their proposal. In the affirmative they would send a delegate to London for the purpose of carrying on the negotiations with the Department and the companies interested.

As regards the condition of the Fao route, the Ministry of Posts and Telegraphs are convinced that they can maintain uninterrupted communication with Fao. They state that the lines between Constantinople and Fao are in every way satisfactory with the exception of a small section between Aligarn and Amara on which, owing to the action of local tribes, interruptions occasionally occur. The Ottoman Government is, however, taking military measures to protect the area in the district referred to, and the Ministry of Posts and Telegraphs, in the event of an agreement being arrived at between the Department and themselves, would be ready to direct wireless stations at Bagdad and at Basra or Fao so as to maintain the communications should the line be damaged in the region referred to.

I was naturally unable to express any opinion as to what would be the views of

the Department on the subject, and informed the delegate of the Minister of Posts and Telegraphs that I would submit the matter to you, and would communicate your reply to him as soon as I received it.

I have, &c.
W. E. J. LAFONTAINE.

[28365] No. 185

Sir L. Mallet to Sir Edward Grey. (*Received June 23.*)

(No. 375.)
(Telegraphic.) R. *Constantinople, June 23, 1914.*

QUESTION of preference which goods of Egyptian origin will enjoy in Turkish markets when 4 per cent. ad valorem duty is put into force has been indirectly raised by German Government, who have asked that German sugar should be put on the same footing as Egyptian sugar. German request has been refused by Porte.

Egyptian goods at present only pay 8 per cent. whilst goods of foreign origin pay 11 per cent. duty on importation into Turkey. Question therefore now before the Turkish Government is whether the same ratio should be maintained in favour of Egyptian produce when the duties are raised to 15 per cent., or that Egypt should be treated like other countries not enjoying under 15 per cent. regime. Crawford is, for customs purposes, in favour of the latter course, but in view of question of suzerainty and inability of Egyptian Government to increase Egyptian duties, Porte seems inclined to maintain preferential treatment and ratio, so that, when foreign goods are taxed 15 per cent., Egyptian produce may be admitted on basis of 11 per cent. duty.

[28368] No. 186

Sir L. Mallet to Sir Edward Grey.—(*Received June 23.*)

(No. 376.)
(Telegraphic.) R. *Constantinople, June 23, 1914.*

FOLLOWING is a repetition of telegram No. 58 from consular officer at Basra:—

Bin Saud has accepted position of Vali and commandant of whole of Nejd directly dependent on Constantinople. He acknowledges that he is Ottoman subject, and will hoist Ottoman flag. I understand that he will decide whether there shall be Turkish troops in his vilayet or not, but as to that and other conditions I hope to telegraph more fully in a few days.

"Sultan has telegraphed to Talhi congratulating him on his success in this connection.

[28442] No. 187

Messrs. Treherne, Higgins and Co. to Foreign Office. (*Received June 24.*)

Sir, 7, *Bloomsbury Square, London, June 23, 1914.*

MR. SILLEY'S Mesopotamian oil rights.

We are now instructed to write to you further with reference to your letter to us of the 20th May.

You take exception to our saying in our letter on the 15th May that the Secretary of State is supporting not only British pretensions which are not in accordance with the mining laws of Turkey, but German and Dutch interests as well. This statement we made for the following reasons:—

1. The Turkish Petroleum Company is a company whose shares are chiefly held by the National Bank of Turkey, the Anglo-Saxon Petroleum Company, and the Deutsche Bank. The Deutsche Bank is a German institution controlled by Germans, and the Anglo-Saxon Petroleum Company, we understand, is controlled by Dutch.

2. The claims of the Turkish Petroleum Company to the concessions in the provinces of Mosul and Bagdad are not in accordance with the mining laws of Turkey.

The position is stated in paragraphs 1 and 2 somewhat obscurely, and we must adhere to the statement contained in our letter of the 15th May, and to say that

We must also take exception to your statement that the clauses in the mining law as regards licences are inoperative so far as oil is concerned in the provinces of Mosul and Bagdad. The fact remains that the Mining Department has granted rights to Mr. Silley and those associated with him in the areas in question.

Mr. Silley's appeal to the Turkish authorities to complete the granting of the licences, &c., in connection with these claims has been delayed, according to the information which the Turkish authorities themselves have given Mr. Silley, not because they are not valid, but because the British Embassy and the Foreign Office are trying to prevent their carrying out their own mining law.

We gather from your letter that the Foreign Office relies on the Imperial firmans issued in 1888, 1898, and 1902, whereby the Civil List was granted the concession of all the known oil wells in the provinces in question. These concessions were transferred from the Civil List to the Ministry of Finance, and have since been handed over to the Turkish Petroleum Company.

We gather that it is your opinion that these concessions are legally valid, but no reasons have been given in support of the Turkish Petroleum Company's claims, and in particular no reasons why the Turkish Government should not grant fresh concessions. You refer to the fact that the Foreign Office is satisfied that these pretensions were not in good faith to support the Turkish Petroleum Company and support those whose claims were valid claims?

Mr. Silley is not asking preferential treatment from the British Government, but only wants the Turkish Government to carry out their own mining laws, and that these shall be complied with. It appears to us that no British subjects have no just right to the assistance of His Majesty's Government in supporting their legal claims against foreign Governments, and that such support should be granted without favour and without selecting particular persons or bodies for political or other reasons.

If Mr. Silley's claims are legal, and we assert that they are, then the claims of the Turkish Petroleum Company cannot be valid, and enforcement of the mining laws of Turkey will place this question beyond dispute.

It is obvious that if Mr. Silley as an Englishman cannot count on the assistance of his own Government, he will be forced into the arms of American, French and German interests, some of which have already approached him, and will be compelled to make the best terms he can with them. He does not wish to do this but he will have no alternative.

We trust that the Foreign Office will now see their way to call upon the Turkish Government to enforce their own mining laws, and that justice will be done to the parties legally entitled, whoever they may be.

We are, &c.
TREHERNE, HIGGINS AND CO.

[28534] No. 188.

Sir L. Mallet to Sir Edward Grey.—(*Received June 24.*)

(No. 377.)
(Telegraphic.) *Constantinople, June 24, 1914.*

I HAVE seen both Grand Vizier and Minister of Finance to-day and am promised definite answer to-morrow.

Minister of Finance said that he thought Government would accept Pecuniary Claims Convention, but intimated that they would not give way about Ottoman director on Smyrna-Aidin Railway. Our refusal to accept this had made a most disagreeable impression. Every other railway in Turkey and some Ottoman directors, including all the new French lines. English company was alone in refusing without giving any reasons. Turkish Government were unable to make a special exception in the case of this company. It was a question of *amour-propre* upon which they could not give way. I argued at length, but to no avail. I should have thought that this was a small point which company should be made to yield.

As to oil, he went over all the old ground, but finally said that if we and Germany would support them in resisting similar demands by France and Russia for Syria and and eastern vilayets it would facilitate solution.

I said that it would be useless to ask you for such an assurance.

He may possibly prefer some form of words admitting that the case of Mesopotamia is exceptional, and recognising that the mining law is applicable in other parts of the Empire.

I discussed the whole question of our relations with Turkey, and incidentally alluded to large concessions given to other countries in comparison with us. He denied this and said that France was giving them more than the Porte had any right to hope for. In addition to the immense loan which had saved their lives, French capitalists were investing over 20 millions in railways which Turkey wished to see built. On all these lines there were two or three Ottoman directors. The French Government had treated with them in a most liberal spirit. His Majesty's Government are, on the other hand, asking for feeder lines for riverain navigation, and hold out no prospect of construction of those lines. If I could give him a list of lines which English capitalists would put money into in the course of a year or two he would give them at once.

He asked, for nothing better than British assistance, which was, however, not forthcoming. His Majesty's Government merely wished to earmark certain districts in which no one else was to build railways, and of what good was that to Turkey?

As for 3 per cent., he affected to make light of threat to withdraw it, which would affect us but little more than the Porte, but this indifference is in part assumed, as I know from other sources that the Government are much concerned. The Grand Vizier said that the fact of the threat having been made had rendered his position much more difficult, as he had been working for the conclusion of all the agreements, but that the Porte could not possibly give way to a threat of this kind.

My German colleague is convinced that we shall certainly obtain what we want with a little patience. I told him that you must have everything settled before 1st July. He thinks that answer will be favourable to-morrow, but if not, he will put in another note threatening to refuse monopolies, should I wish it.

In view of final statement 3 per cent. ultimatum of which he is not aware, I have not thought it necessary to carry out that part of your instructions. As an immediate solution of pressing questions does not seem to be probable, we must contemplate refusal of 3 per cent. after 1st July. I suppose that merchants should pay under protest. If so I should also early instructions, as consuls must be instructed as soon as possible. Crawford is in consternation at the prospect.

[28703] No. 189.

Sir L. Mallet to Sir Edward Grey.—(Received June 25.)

(No. 380.)
(Telegraphic.) *Constantinople, June 25, 1914*

MY telegram No. 377 of 24th June.

Grand Vizier told me this morning that Porte agreed to give Turkish Petroleum Company lease of concession of oilfields of Mesopotamia subject to details being settled between company and Ministry.

They would also instruct Hakki Pasha to accept Preliminary Canals Convention, though they could not understand why we would not accept what was acceptable to the French Government.

They must, however, insist on admission of Turkish directors to board of Smyrna Railway. Every other foreign railway company had accepted this, and it was a subject upon which they felt very strongly.

Just after leaving his Highness, whom I fear I shall not be able to see until Saturday, I received your telegram No. 279 of 21st June. I have visited my German colleague who tells me that his negotiations are not yet finished but are progressing satisfactorily. They might possibly be finished in about a week's time. He will keep me informed. He has sent to ask for his answer respecting share of oil concession. We propose to ask for it in writing.

I have unceasingly pressed upon Grand Vizier and upon all his colleagues inconvenience of delay, and they are fully aware of your wish to have everything settled as speedily as possible. I have made every endeavour to persuade Djavid Bey yesterday to agree to your proposal respecting Shatt-el-Arab Commission, but he flatly refused, and said that we could not go further than giving them the right to be consulted. He said that they had undertaken to keep the river open to navigation, which should be a sufficient guarantee of their good faith. I will, however, again urge your wishes upon the Grand Vizier if possible, to-morrow.

[28704] No. 190

Sir L. Mallet to Sir Edward Grey.—(Received June 25.)

(No. 381.)
(Telegraphic.) *Constantinople, June 25, 1914*

MY immediately preceding telegram of to-day.

The Grand Vizier said that it was not necessary for His Majesty's Government to menace the Porte, who were very anxious to meet their views, but he begged you to show some consideration for their difficulties. I asked his Highness to read very attentively the terms of my note respecting 3 per cent., which did not, as a matter of fact, contain any threat.

His Highness said that threat was implied.

[28705] No. 191

Sir L. Mallet to Sir Edward Grey.—(Received June 25.)

(No. 382.)
(Telegraphic.) *Constantinople, June 25, 1914*

MY telegram No. 380 of to-day.

After granting lease of Mesopotamian oilfields this morning his Highness said that in return he hoped that His Majesty's Government would consider favourably request which Porte were going to put forward to form the nature of which he but briefly outlined stating that he would send me a written note on the subject.

They were going to ask us to negotiate a commercial treaty on the basis of international law. He said that all other Powers had agreed.

I asked my French colleague if this was the case so far as France was concerned and he gave me article in French agreement. It runs as follows:—

"Le Gouvernement français a accepté de négocier avec le Gouvernement ottoman un accord destiné à régler les échanges commerciaux entre les deux pays sur la base du droit international et à condition que toutes les Puissances intéressées consentent elles-mêmes à traiter sur cette base."

My German colleague tells me in confidence that he has not yet signed, but intends to propose to the Turkish Government wording to the effect that the German Government accepts on the same terms as the French but with the insertion after the word "international" of the words "in accordance with German treaty of [? 1890]."

The effect of this reference to treaty is to make the interpretation of the new article a little doubtful and to leave a loophole.

My French colleague thinks that it is impossible to refuse Turkish request, and sees no harm in treating the Turkish Government in this respect like any other Government.

I hope to hear some particulars from Crawford to-day.

[28859] No. 192

Sir L. Mallet to Sir Edward Grey.—(Received June 26.)

(No. 384.)
(Telegraphic.) *Constantinople, June 26, 1914*

YOUR telegram No. 279 of 24th June.

I am making further endeavours to get Turkish Government to agree to additional clause respecting Shatt-el-Arab Commission and irrigation. Crawford is seeing Djavid Bey to-morrow morning on the subject, and I hope some wording will be found that His Majesty's Government can accept.

[28860] No. 193.

Sir L. Mallet to Sir Edward Grey.—(Received June 26.)

(No. 385.)
(Telegraphic.) R. *Constantinople, June 26, 1914.*

MY telegram No. 382 of 25th June.

Crawford tells me that Hakki Pasha has been instructed to ask His Majesty's Government if they would accept some such undertaking as French have given respecting commercial treaty.

I venture to hope that this overture will not be met with a direct refusal.

Crawford is going to England in July and could discuss it with you.

[28861] No. 194.

Sir L. Mallet to Sir Edward Grey.—(Received June 26.)

(No. 386.)
(Telegraphic.) *Constantinople, June 26, 1914.*

MY immediately preceding telegram of 26th June.

German Ambassador has just told me that Turkish Government decline his wording for commercial treaty article (see my telegram No. 382 of 25th June).

In his opinion it is a question of finding a formula which can be interpreted either way twelve or fifteen years hence when commercial treaties, which will be negotiated, expire. If, at that time, Turkey has proved through reform her right to be treated like any other nation in matters commercial, then no reference to rights under Capitulations will be necessary.

In the contrary event it should be open to us to argue that our old rights were never given up. All the Powers would in those circumstances take the same line. It would be a question of political influence.

It is fortunate that the German Government take this line, as otherwise it would have been left to us to make all the objections.

My German colleague will keep me fully informed of the course of his negotiations, and, in the meanwhile, I would recommend a temporising answer to Hakki Pasha, and not a direct negation.

[28442] No. 195.

Sir Edward Grey to Sir L. Mallet.

(No. 282.)
(Telegraphic.) R. *Foreign Office, June 26, 1914.*

I SHOULD be glad to know how negotiations with Silley respecting Basra and Nejd claims are progressing, as his solicitors have again threatened that if His Majesty's Government do not support him in Mosul and Bagdad he must make terms with foreign interests.

[28705] No. 196.

Sir Edward Grey to Sir L. Mallet.

(No. 284.)
(Telegraphic.) R. *Foreign Office, June 26, 1914.*

YOUR telegram No. 382 of 25th June.

Please inform Grand Vizier that His Majesty's Government agree to continuance of levy of 3 per cent. if all the other Powers do so. I rely, however, upon Ottoman Government not making unreasonable stipulations in the negotiation of details with Turkish Petroleum Company.

I am not quite clear as to what is intended by negotiation of a commercial treaty "on basis of international law," or what is desired beyond the assent we have already given, subject to certain conditions, to conversion of 15 per cent. *ad valorem* into a specific tariff; but your Excellency may inform Grand Vizier that we are prepared to give any proposal he may make on the subject our favourable consideration, though we cannot agree to its being made a condition of grant of Mesopotamian concession, which is part of the bargain to which our assent to monopolies constitutes the counterpart.

[28966] No. 197.

Notes communicated by India Office, June 27, 1914.

(1.)

(Confidential.)
Sir Arthur Hirtzel,

I HAVE been through the papers which you were good enough to have sent to me, and apparently some of the information which I sent to the Political Resident at Bushire from Riadh has never reached Government. The reason may be that as I wrote to Mr. Lorimer privately, the letter may have been destroyed on reaching Bushire some six weeks after his death.

I reached Riadh on the 9th March and found active preparations being made for the collection of a large force by Bid Saud. I stayed and travelled with Bid Saud until the 15th, and during this time had many opportunities of ascertaining his feelings and intentions. I would add that being on exceptionally intimate terms with Abdul Aziz and his whole family he frequently showed me the confidential correspondence passing between him and other Arab chiefs, amongst them Seyyid Mahomed al-Idrisi, the Imam Yahyah of Sana'a, Bin Sha'alan, the premier Sheikh of the great Anaizeh tribe, and others of lesser importance, as well as his communications with the Turkish authorities. I did my best to discourage his confidences, seeing that I had no official status, but as he insisted they may now be useful.

Bin Saud was aware of the advent of Turkish troops, and the new Vali of Basra, Suliman Pasha, in Riadh, before I met him in March, and fearing that the troops were intended for a descent on Katif, Ojair, and Hasa he had issued orders for a general mobilisation of his troops (*i.e.*, townsmen and villagers as distinct from the nomad Bedouin, who do not count for much). This mobilisation only called up a small proportion of the available fighting strength of each village—some 30 per cent. was my estimate after many enquiries—but even then Bin Saud had anything from 5,000 to 7,000 well-armed and mounted men ready to his hand. The military efficiency of Bin Saud's arrangements will be realised when it is understood that some of the villages are nearly 150 miles from Riadh, that the mobilisation was practically complete within a fortnight, and that 1,000 men were despatched and posted in the coast villages (particularly Katif) within the first week.

Bin Saud told me that he was forced to make these preparations, as he could not risk allowing the Turkish troops to effect a landing on the coast unopposed. He intended no aggressive action, but was determined on a vigorous defence. He was exceedingly anxious as to what reply he would receive from the political agent, Bahrein, to his letter of the 26th February, 1914 (1st Rabi-ath-Thani, 1332), and what steps, if any, would be taken by His Majesty's Government in the event of the Turkish troops making for the coast. My position did not permit of more than counselling patience, deprecating any hostile movement, and suggesting that in any negotiations which might be attempted he should be careful to remember that he had given us (when he met Major Trevor and myself at Ojair in December) certain provisional assurances regarding the Trucial chiefs and British traders on the coast. He said he had no intention of committing himself definitely to the Turks so long as he had any chance of arriving at an arrangement with the British Government, or at least of obtaining our support or good offices in his negotiations with the Turks, but at the same time he could not wait indefinitely and continue to maintain a large force in the field; and unless he could obtain some sort of assurance he would be compelled to make his own arrangements in order to obtain a temporary respite at least from having to remain continually on guard. He told me then that the two conditions upon which the Turks would certainly insist would be (*a*) the re-establishment of their former garrisons, and (*b*) the exclusion of all foreigners; the former he would never agree to whatever happened, and thought that by accepting the latter he might be able to buy his desired respite, though he saw that such acceptance would probably close the door to any further negotiations with the British Government, much as he desired an understanding with them. The reports of the subsequent negotiations in April near Koweit show that Bin Saud has not wavered in his resolve, nor do I think that he will so long as he can fence with the Turks, and continues to cling to his hope of drawing His Majesty's Government into any arrangement which he may make with the Porte.

So much for Bin Saud's own attitude, which I am convinced will not alter until

has despaired of obtaining the countenance or good offices of His Majesty's Government in his efforts for an arrangement with the Turks.

One reason, and that the most cogent, for Bin Saud's determined attitude is that he feels himself strong enough to oppose the Turks, especially if he can keep the other great Arab Sheikhs firm in their resolution not to permit any further aggression or encroachment in Arabia by the Turks. During the past year there has arisen a loose kind of confederation or alliance between the following chiefs: Bin Saud, Imam Yahyah, Seyyid Mahomed al-Idrisi, Bin Sha'alan, and the Shereef of Mecca, with only Ibn Rashid, the Shammar chief, left outside the coalition. The basis of the alliance is that the allied chiefs should endeavour to settle their differences by agreement or arbitration, as war between them only weakens all parties as against the common enemy (viz., the Turks), that in the event of any aggression by the Porte upon any one of these Sheikhs, all should combine for resistance and mutual help. Ibn Rashid has been left out of the confederation because the present ruler is a boy who cannot be trusted, who is hand-in-glove with the Turks and has no real authority over his own tribesmen. Whether the Turkish Government is aware of this combination or not I do not know, but I presume that it is, for it has been at great pains to strengthen Ibn Rashid with arms and treasure within the last six months. Before I left Koweit, on the 3rd February, I had heard rumours of large consignments of arms being despatched to Hail for Ibn Rashid from Damascus; at Riadh, Bin Saud told me that he had certain information to the same effect, and that they must be intended by the Turkish Government for use against himself; in the north-central desert the news was confirmed, and finally I was informed in the vicinity of the Hedjaz Railway, by chiefs in a position to know, that some 30,000 rifles (all magazine arms of Mauser or Mannlicher pattern) with bayonets had been railed from Damascus to the station (? Tubuk) on the Hedjaz line for Teimah, that hundreds of boxes (accurate numbers were not obtainable) of ammunition accompanied the arms together with three breech-loading mountain guns (each said to be accompanied, I think, with some 500 shrapnel shell apiece), and that the consignment filled three large railway waggons; further, that three Europeans (probably European Turks) had taken a motor-car by the same route to Hail at about the same time (I think in January), who might be artillerymen for the mountain guns. In the northern desert it was common report that these arms were intended for Ibn Rashid, and that he would probably make a move against Bin Saud within the year, perhaps in the autumn.

Bin Saud may have received accurate information later of the quantities and description of arms and of the plans concerted between Ibn Rashid and the Turks, and it is some such knowledge, I think, which probably accounted for his uncompromising and somewhat truculent attitude at Koweit towards the Turkish deputation sent to interview him. It is action of this kind, in the face of correspondence of the description reported by the political agent at Koweit in April, which causes Bin Saud to view any Turkish proposal with the greatest suspicion.

From all that I heard throughout Central Arabia, I feel convinced that the old methods of Turkish intrigue, of setting up one Arab Sheikh against another, will no longer have the success of past times in maintaining even that shadowy semblance of Turkish sovereignty over them which has hitherto passed unquestioned. Throughout the country I was struck by the contempt with which the Arabs all regarded the Turkish Government, its troops, and its civil officials. In attempting to show of what little account in Arabia Turkish authority really is, I am only endeavouring to explain that present Turkish methods invite further disasters.

I am aware that His Majesty's Government are committed to a policy of supporting and maintaining a strong Turkey in Asia, and if such a desirable result can be brought about in Arabia so much the better. Unfortunately the Turkish Government appears to have no conception of its own weakness in Arabia, nor of the power and strength of the Arab chiefs, nor does it appear to realise what are the probable consequences likely to ensue should forcible measures have to be resorted to in the end. The reports from Koweit describing the course of the negotiations with Bin Saud I think sufficiently bear out the above view. The nearest parallel to the Turkish difficulties with Bin Saud which I can draw is our own case in Somaliland only exaggerated ten times worse. Knowing something of the country, its difficulties in transport, supplies and the like, I would hesitate to suggest that less than two divisions, completely equipped for a long desert war, would be able to re-establish and maintain effectively the former Turkish occupation of the Hasa province. The Turkish occupation before May 1913 was not effective in any sense, and only existed because Bin Saud was more occupied elsewhere; he could have carried out his coup of May 1913 at any time in the last five years.

So far as my limited knowledge goes the Turkish Government does not appear to be in a position at present to undertake any expeditions in Arabia, nor, indeed, for many years to come. It must also be remembered that any future campaign against one Sheikh is exceedingly likely to raise the whole of Arabia against the Turks. It may be argued that the Arab tribes have not the necessary cohesion to maintain for any length of time a united front against the Porte. To a certain extent this is true, but at the present moment years of falsehood, intrigue, and oppression on the part of Turkish officials, combined with the disastrous loss of Turkish prestige resulting from the Tripoli and Balkan wars, have had their effect. Moreover, the Arabs have now found a leader (Bin Saud), who stands head and shoulders above any other chief, and in whose star all have implicit faith. The other Sheikhs of the Arab alliance refer all kinds of matters to Bin Saud for his advice, more especially those affecting their relations with the Porte.

I am convinced that present Turkish methods in Arabia, if persisted in will end in disaster—Turkey has not the power to coerce Arabia and should matters with Bin Saud in regard to the Hasa province, for instance, come to a head, the probable result will be a combination of all the Arab tribes, the expulsion of Turkish troops and officials from the Hedjaz, Yemen and Asir, and the establishment of an independent Arabia with a loose form of confederation of which Bin Saud will be the head, while the holy cities of Mecca and Medina will pass under the absolute rule of the Shereef's family with the consent of Bin Saud. I admit that it is always rash to prophecy, but I have heard the subject discussed so often in Arabia on these lines, and by so many widely separated chiefs that I cannot avoid the conclusion that the Turkish Government is at present riding for a very bad fall in its present Arabian policy.

If the British policy of a strong Turkey is ever to be realised in Asia the Porte must be convinced of its mistake, however unpalatable the process may be. The only solution which I can see is a radical change on the part of the Porte towards a more straightforward and honest policy with the important Sheikhs. Most of them are quite willing to accept Turkish suzerainty so long as it is one only in name and does not import meddling in their affairs. In the case of Bin Saud, for instance, all he desires is to be left alone as the ruler of Nejd, which he is now, in fact, allowed to collect his own taxes and customs, and to administer the Shara's law in the old time-honoured way. If the Porte would nominate him Mutessarif or Vali of Nejd on these conditions he would be willing to pay it a nominal tribute in a lump sum per annum, and I feel sure would loyally keep his part of the bargain as a Turkish vassal. He has no ambitions to become the Khalif of Arabia, and though his commanding influence will no doubt lead all the other chiefs more or less during his lifetime, I do not think he would ever embark on a campaign to set himself up as Sultan of all Arabia.

It may be said that any solution on the lines suggested above will leave the whole of Arabia open to the exploitation of foreign Powers, great and otherwise. At present no Great Power has any real interests in Arabia with the exception of Great Britain, whose interests are confined to the coast-line, though I believe Italy is said to be trying to develop interests in Asir or Yemen. The discussion of this aspect of the subject requires more accurate and more extensive knowledge of recent events than is available to me; therefore it is with diffidence that I venture to suggest for consideration that, with the Porte recognised and supported by His Majesty's Government as the suzerain Power in Arabia, and provided that the Turkish Government dealt frankly with His Majesty's Government in matters regarding Arabia, no foreign Power would find it an easy proposition to make good a footing in the country, especially as, apart from the fact that along nearly the whole littoral British influence is paramount, and of very considerable account even in those portions actually administered at the moment by Turkey.

To sum up, the difficulties of the problem in Arabia are:—

(*a*.) The utter inability of the Porte to coerce Arabia at present or for many years to come.

(*b*). The strong position, in a military and geographical sense, with which nature has endowed the Arabs.

(*c*.) The probable coalition of all Arab tribes in the event of attempted coercion.

(*d*.) The desire of His Majesty's Government to promote a strong Turkey in Asia without detriment to legitimate British interests.

The remedies, so far as I can venture to suggest them, seem to be:—

1. The acceptance by the Porte of the *de facto* independent status of the great Sheikhs whilst maintaining a nominal suzerainty.

2. A franker and more honest attitude by the Porte towards the great Sheikhs.
3. Less suspicion on the part of the Porte towards British policy in Arabia, with recognition of the special position which Great Britain there enjoys.
4. A frank invitation by the Porte for British co-operation in Arabian affairs.

W. H. I. SHAKESPEAR.

June 26, 1914.

(2.)

Sir Arthur Hirtzel,

In the papers you had sent to me, and also in others which came to me officially in Koweit, I have noticed that Seyyid Talib, of Basra, seems to be regarded as a *deus ex machinâ*, or solver of all local ills, in Arabia and Mesopotamia. I cannot understand how he has acquired this position—or, rather, how he has managed to maintain it in the reports of our own officers.

The man is a strong, wilful, utterly unscrupulous character, usually heavily in debt and consequently importunate. He has a dozen or more murders to his credit, and holds Basra in the hollow of his hand by means of a band of armed men, who occupy his house there like a fort, issuing thence to execute their master's behests in the matter of replenishing his exchequer when required.

No Vali at Basra is ever able to carry on his administrative work unless he first agrees to be the willing tool of Seyyid Talib.

Bin Saud, Sheikh Mubarak, and Sheikh Khazal all subsidise him with a regular monthly or annual salary, solely to protect themselves from continual extravagant demands accompanied by threats. Not one of these chiefs, however, would trust Seyyid Talib with any negotiation on their own behalf. Seyyid Talib generally induces the Central Government to depute him as their envoy for the solution of their difficulties in Mesopotamia, the local Vali generally being his strongest supporter, for the simple reason that unless Seyyid Talib is allowed some of the pickings always available on these occasions matters usually come to a deadlock through his instrumentality.

W. H. I. SHAKESPEAR.

June 26, 1914.

[28534] No. 198.

Sir Edward Grey to Sir L. Mallet.

(No. 286.)
(Telegraphic.) R. *Foreign Office, June* 27, 1914.

YOUR telegram No. 377 of 24th June.

In reply to Djavid Bey's offer about feeder lines, please inform him that a line desired by Lord Inchcape is one extending for 100 kilom. on either side of the Tigris at Kut-el-Amara. If he would grant the right to carry out preliminary surveys, with a preferential claim to concession, during three years after the completion of the Bagdad Railway to Basra, this would entirely meet our wishes at this stage. His Excellency cannot have been accurately informed on this point by Hakki Pasha, as the above line was specifically mentioned to his Highness.

[29058] No. 199.

Sir L. Mallet to Sir Edward Grey.—(Received June 28.)

(No. 389.)
(Telegraphic.) *Constantinople, June* 28, 1914.

YOUR telegram No. 284 of 26th June.

I do not propose to tell Grand Vizier of His Majesty's Government's consent to 3 per cent. pending further endeavour to persuade his Highness to desist from insisting on two Turkish directors on Smyrna–Aidin board, in accordance with instructions contained in your telegram No. 281 of 26th June.

As regards Shatt-el-Arab, Crawford tells me that new proposal was telegraphed to Hakki Pasha two days ago on latter's suggestion, who said that you would accept it. If this is so, I should be glad to know, but I am in the meantime trying to get them to accept your formula.

[29114] No. 200.

Sir L. Mallet to Sir Edward Grey.—(Received June 29.)

(No. 452.)
Sir, *Constantinople, June* 23, 1914.

I ENCLOSE a copy of the note which I addressed to the Sublime Porte on the 21st instant, making the consent of His Majesty's Government for the prolongation of the surtax beyond the 1st July dependent upon the settlement of the various questions now under discussion between the two Governments, including that of the petroleum wells in Mesopotamia. I saw his Highness yesterday, and reinforced the note by an urgent appeal to him to save His Majesty's Government the painful necessity of withholding their consent to this surtax, to which his Highness replied that he was as anxious as you were to terminate these tedious negotiations, and would discuss the whole matter with the Ministers to-day, exerting all his influence in favour of the conclusion of the agreement at once. It was finally arranged that I should call on his Highness at Yenikeuy to-morrow evening to receive my reply.

I need not point out the extreme inconvenience which would be caused by definitely withholding our consent to the levy of the 3 per cent. after the 1st July, but in the event of the Turks proving recalcitrant it will be necessary to carry the matter through, in spite of the financial chaos which our action will entail, according to Sir R. Crawford. The Russian consent, limited to one year, pending the settlement of the question of a Russian representative on the Council of the Debt, was given last week. In this connection I am informed that it is now unlikely that the German Government will insist both on a second delegate and on the alternate presidency, but that they will be satisfied with the latter. The consent of the United States Government is likewise limited to one year, pending the settlement of certain outstanding questions connected with the numerous American missions and scholastic establishments in this country.

I reported in my despatch No. 72, Commercial, of the 13th May last, the arrangement under which Germany agreed to the continuation of the surtax also for one year. The other Powers having given their consent, that of His Majesty's Government is now alone in doubt.

I also enclose copy of a note reminding the Porte of the necessity of obtaining the consent of the minor Powers to the continuation of the surtax as instructed in your telegram No. 257 of the 10th instant.

I have, &c.
LOUIS MALLET.

Enclosure 1 in No. 200.

Sir L. Mallet to Halim Pasha.

Altesse, *Constantinople, le* 21 *juin*, 1914.

D'ORDRE de mon Gouvernement, j'ai l'honneur d'attirer votre attention très sérieuse sur les considérations suivantes relatives aux négociations qui se poursuivent actuellement à Londres :

1. Son Altesse Hakki Pacha vient de communiquer à Sir E. Grey un projet modifié de la Convention sur le Règlement des Réclamations pécuniaires britanniques. L'adoption de ce projet comporterait un changement si radical du texte, tel qu'il a déjà été parafé il y a quelque temps, que le Gouvernement de Sa Majesté britannique n'a pu qu'être vivement surpris de la communication, d'autant plus que son Altesse Hakki Pacha a eu depuis des mois pleine connaissance de la manière de voir de Sir E. Grey à ce sujet, ce qui lui aurait permis de proposer antérieurement toute modification qui pût sembler nécessaire à son Gouvernement.

2. Le Gouvernement de Sa Majesté britannique remarque, en outre, qu'après avoir perdu un mois entier à étudier les détails des listes de réclamations, le Gouvernement ottoman propose maintenant d'en ajourner la rédaction jusqu'à ce que le Tribunal d'Arbitrage prévu par le projet de Convention commence ses séances.

3. Mon Gouvernement se plaint également des retards réitérés apportés à la signature définitive des autres accords, y compris ceux relatifs aux gisements pétrolifères de la Mésopotamie et au Chemin de Fer de Smyrne–Aïdin, ainsi que l'arrangement général au sujet des autres chemins de fer, dont la conclusion a toujours

été une condition de son adhésion à la majoration éventuelle des droits de douane de 4 pour cent.

C'est en conséquence de ces considérations que Sir E. Grey me charge de faire part à votre Altesse, aussi instamment que je le puis, de son vœu que son Altesse Hakki Pacha soit autorisé télégraphiquement dès à présent de procéder à la rédaction immédiate et définitive des listes de réclamations pécuniaires et de signer définitivement les accords sur le règlement de ces réclamations et sur les monopoles, &c. En attendant une réponse favorable à cette demande, j'ai l'ordre de déclarer à votre Altesse que mon Gouvernement n'adhère que pour une période d'une semaine à partir du 24 courant à la prolongation de la majoration des droits de douanes de 3 pour cent demandée par la note verbale circulaire du Ministère des Affaires Étrangères en date du 20 mai, 1914.

Je profite, &c.
LOUIS MALLET.

Enclosure 2 in No. 200.

Sir L. Mallet to Halim Pasha.

Constantinople, le 21 juin, 1914.

Altesse,

ME référant à la note urgente que je vous adresse aujourd'hui au sujet du cours des négociations qui se poursuivent à Londres, je crois devoir rappeler à votre Altesse que, quand même les autres obstacles à l'adhésion de mon Gouvernement à la prolongation indéfinite de la surtaxe douanière de 3 pour cent disparaîtraient avant le 1er juillet comme je l'espère, la troisième disposition du protocole du 25 août, 1907, devrait toujours être appliqué pour ladite prolongation au même titre que lors de l'établissement de la surtaxe.

Je profite, &c.
LOUIS MALLET.

[29380] No. 201.

Sir L. Mallet to Sir Edward Grey.—(Received June 29.)

(No. 391.)
(Telegraphic.) *Constantinople, June 29, 1914.*

MINISTER of the Interior told me last night that he had come to terms with Ibn Saud, whom Porte are appointing Vali of Nejd.

They will not accept any tribute from him. He agrees to the establishment of small Turkish garrisons at Ojair and Katif.

[29381] No. 202.

Mr. Greg to Sir Edward Grey.—(Received June 29.)

(No. 50. Confidential.)
(Telegraphic.) *Cairo, June 29, 1914.*

CONSTANTINOPLE telegram No. 375 of 23rd June: Exceptional treatment of Egyptian goods entering Turkey.

We should prefer to pay full 15 per cent. Egyptian imports into Ottoman dominions are comparatively unimportant, and our trading policy is to establish our independence in customs matters.

If Crawford could use financial reasons to press for full 15 per cent. on Egyptian produce, Ottoman Government might neglect question of suzerainty. We should then have argument in future for insisting on fiscal and commercial freedom *vis-à-vis* of the Porte.

I hope, therefore, that Crawford may be able to enforce his point of view without assistance from Embassy.

So far as I know, Egypt can raise no objections to increase of duties.

[29578] No. 203.

Sir L. Mallet to Sir Edward Grey.—(Received June 30.)

(No. 393.)
(Telegraphic.) R. *Constantinople, June 30, 1914.*

MY telegram No. 380 of 25th June: Mesopotamian oil concession.

Grand Vizier has addressed identic note to myself and my German colleague stating that Ministry finally consents to lease to Turkish Petroleum Company oilfields discovered and to be discovered in vilayets of Mosul and Bagdad, reserving the right to fix later its share and general conditions of contract.

Note adds that it goes without saying that company will undertake to indemnify any third parties, should there be any, who might be interested in oilfields in those two vilayets.

My German colleague, in acknowledging announcement of proposed lease, will point out that basis on which lease was granted excludes existence of claims of third parties.

We wish, however, to avoid an argument with Porte, and I think that negotiations for contract should be begun as soon as possible. They will naturally be carried on by company's representatives. Gunther has just left for Berlin in connection with railway negotiations, but I think a representative of the company should be ready to come here at short notice.

[29574] No. 204.

Sir L. Mallet to Sir Edward Grey.—(Received June 30.)

(No. 394.)
(Telegraphic.) *Constantinople, June 30, 1914.*

YOUR telegram No. 282 of 26th June: Mr. Silley's oil claims.

Since my telegram No. 341 of 15th June neither of the British representatives on the Petroleum Company has heard anything more from Silley. Both of them desire me to impress upon you that any new move upon their part would have the effect of stiffening Silley, and encouraging him in his demands.

I am enquiring of Basra whether application to Vali has yet had any answer.

In any case, he has little to offer, and the only danger is from some firm who might wish in the present circumstances to be disagreeable to His Majesty's Government.

Would you approve of my hinting to the Minister of the Interior that the issue of "permis" for Nejd would be imprudent at present, owing to the inability of the Turkish Government to ensure the safety of British subjects? Silley could not complain of our solicitude on behalf of his safety, but of course the Turkish Petroleum Company would also be debarred for the present from asking for a concession in Nejd.

[29058] No. 205.

Sir Edward Grey to Sir L. Mallet.

(No. 287.)
(Telegraphic.) R. *Foreign Office, June 30, 1914.*

YOUR telegram No. 389 of 28th June.

I do not think it will be quite fair to connect Smyrna-Aidin question directly and explicitly with customs increase so far as we are concerned. The connection does in fact exist indirectly in so far as Germany treats customs increase and monopolies as both dependent on general settlement.

I will accept Ottoman formula as regards Shatt-el-Arab.

---

o